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A NEW SURVEY: THE HIGHEST PAID LAWYERS IN AMERICA

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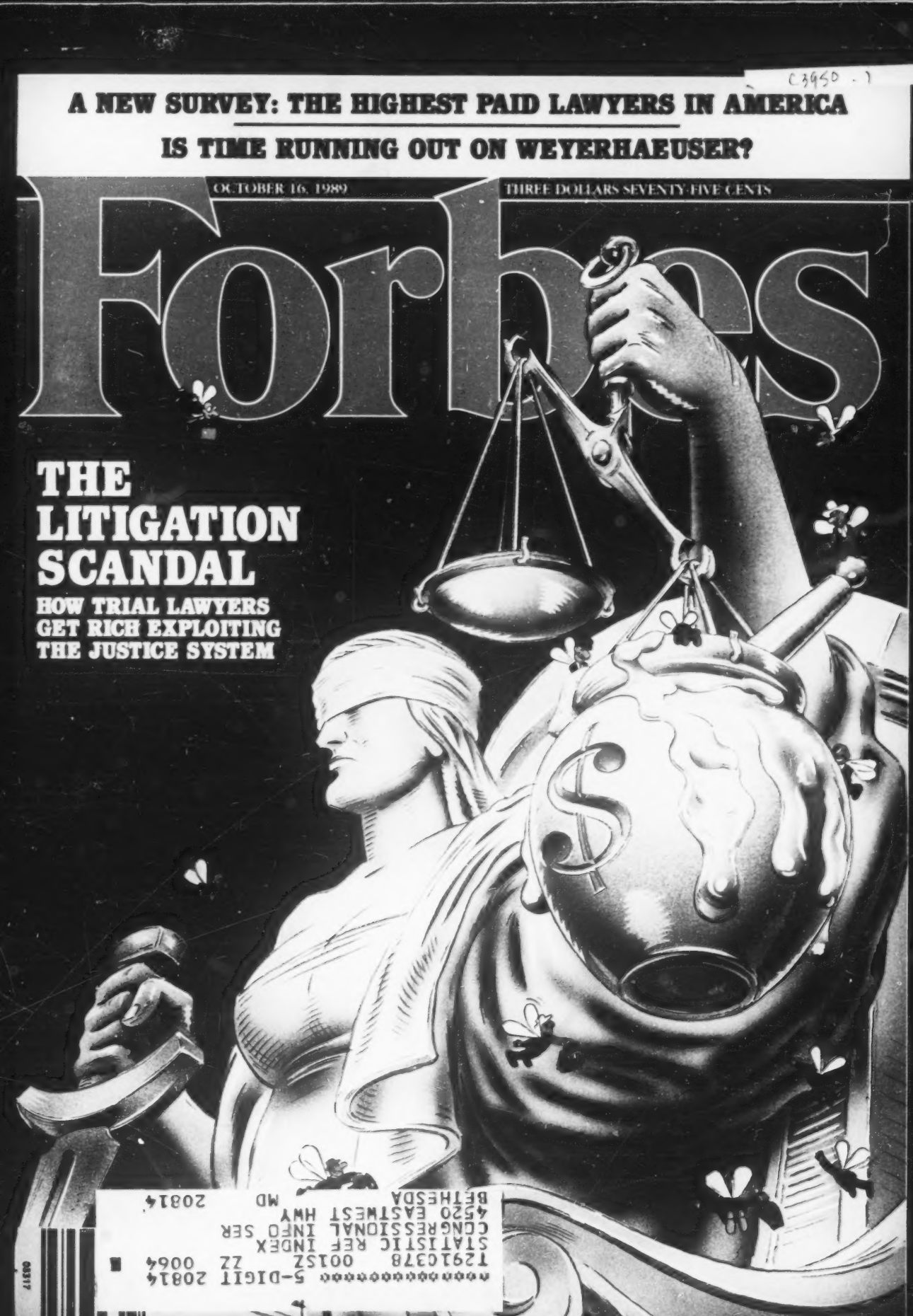
HOW TRIAL LAWYERS GET RICH EXPLOITING THE JUSTICE SYSTEM



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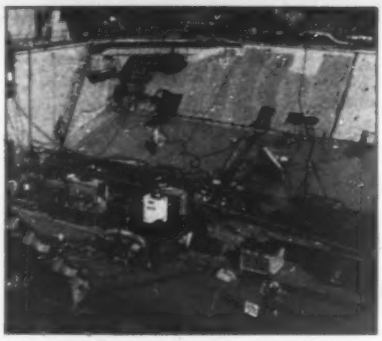

40 *Japanese ships*

77 *LBO banana peel*

COVER STORY

197 The Honey Pot
By Peter Brimelow and Leslie Spencer
Why our country has so many crazy tort lawsuits.

212 Leaders Of The Bar
By Deirdre Fanning
Who gets the most pay.

COMPANIES

38 Albertson's
By Norm Alster
If your competitor gets LBO'd, grab his customers.

109 The Up & Comers: Miramax
By Lisa Gubernick
Sex, lies, videotape and profits.

112 Up & Comers: Texfi Industries
By Alyssa A. Lappen
A double-knitter turns around.

120 Up & Comers: George F. Cram Co.
By John Harris
A little globe maker gives a big globe maker a run for its money.

128 American Express
By Subrata N. Chakravarty
The art of market segmentation.

191 Davis Water & Waste
By James Cook
A pure water play.

194 La-Z-Boy
By Matthew Schifrin
No more lounging.

220 Tonka Corp.
By Steve Weiner
Managing itself out of the deepest hole in Toyland.

221 Weyerhaeuser Co.
By Marc Beauchamp
A richly endowed family business—with a very poor return.

253 Texop Bancshares
By John H. Taylor
Opportunity for the hometown boys.

DEALMAKERS

77 KKR, Workout Experts
By Stuart Flack
The little Seaman Furniture deal has turned into a giant headache.

244 Don Laughlin, Desert Fox
By Gail Buchalter
His boomtown in Nevada.

252 Arthur Cohen, Real Estate
By Jonathan Greenberg
He recovered from a retailing flop.

ISSUES

44 Jay Forrester, Dr. Doom
By Ronald Bailey
Why is it that all he ever sees is black?

46 Hi There, Bambi
By Ronald Bailey
The End of Nature, the beginning of garbage. How to save $19.95.

132 The Government Versus The Rapeseed Oil
By Janet Novack
How farm policy squeezed a good oil product high in monounsaturates.

138 Will Wall Street Fade?
By James Cook
Can it survive drugs, crime, high rents and poor schools?

237 Coercive And Mimetic
By Joe Queenan
How useful is all this academic literature about business?

INTERNATIONAL

40 The Japanese Do It Again
By Andrew Tanzer
Their shipbuilders are booming.

43 Sprechen Sie Buyout?
By Peter Fuhrman
LBO mania hits West Germany.

82 As I See It: Soviet Prime Minister Nikolai Ryzhkov
By Peter Dragadze
Shortages, labor unrest, political ferment—where is the country going? With commentary by Paul Klebnikov.

90 Russia's Embryonic Capitalists
By Peter Dragadze
But they're still in the shadow.

124 Canal +
By John Marcom Jr.
A French channel could net $110 million this year.

TAXING MATTERS

256 Mortgage Mine Field
By Laura Saunders
Don't make even a small mistake.

194 *La-Z-Boy*

252 *Real estate comeback*

282 *Exec-turned-sculptor*

INVESTING

41 Danger: Hazardous Stocks
By Ruth Simon
They're getting to be a fad.

53 Vulture Capitalists
By Howard Rudnitsky
Another fad: bankruptcy plays.

228 The Funds: Up & Comers
By Jonathan Clements
Honor roll funds of the future?

234 The Funds: Good Junk
By Spyros Manolatos
A junk bond fund that has held up in a very weak junk market.

292 Statistical Spotlight: Small Cap
By Evan Stuzza and Eric Hardy
A selection of small-company growth stocks. Time for a rebound?

304 Streetwalker
The market; Nestlé; BCE Mobile; Canadian Pacific; Mack Trucks.

COMPUTERS/COMMUNICATIONS

262 Symbolics
By Julie Pitta
It believed its own press clippings.

263 Phone Bill Detective
By Steve Weiner
Telephone bill analyzers. Also: Commentary by Esther Dyson.

SCIENCE & TECHNOLOGY

268 Thank You, Jeremy Rifkin
By Michael Fritz
Some biotech people are starting to fight back. Also: Commentary by Michael Gianturco.

MARKETING

272 How Far Can You Stretch A Brand?
By Joshua Levine
Even the best have their limits.

274 Sweating It Out
By Claire Poole
In deodorants, better is not enough.

PERSONAL AFFAIRS

276 Conservation Easements
By Gretchen Morgenson
Good view, great deduction.

278 Amateur Hockey
By Neal Santelmann
It helps if you're a bit whacky.

279 Collectors: Old Ad Posters
By Christie Brown
Marvin Shanken makes them live again, in new promotions.

CAREERS

282 He Upped And Quit
By William P. Barrett
Metal-bending-executive-turned-sculptor Paul Tadlock.

DEPARTMENTS

8 Side Lines
10 Follow-Through
14 The Informer
16 Readers Say
19 Fact and Comment
24 Other Comments
27 Fact and Comment II
31 Commentary
307 Flashbacks
308 Thoughts

COLUMNISTS

136 Michael Novak
266 Esther Dyson
270 Michael Gianturco
297 Ben Weberman
298 Kenneth L. Fisher
299 Mark Hulbert
300 A. Gary Shilling
301 Frederick E. Rowe Jr.

MONEY & INVESTMENTS

33 What's Ahead For Business
34 The Forbes Index
289 The Forbes Wall Street Review
290 World Markets Review

FACES BEHIND THE FIGURES

286 Murray Pezim
Stock promoter
287 Wei-Jen Jeffries
Trade show promoter
287 Adam Osborne
Paperback Software International

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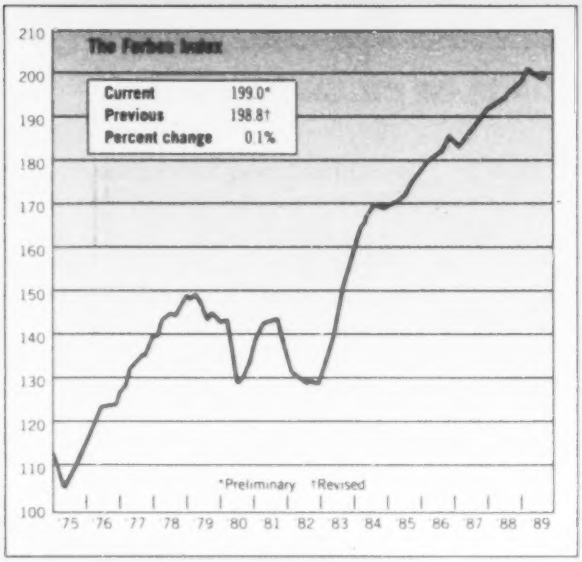
The Forbes Index



June was better, July was worse than originally reported. The government revised the June and July figures for industrial production, retail sales and new housing starts. Retail sales, for instance, rose 0.5% from June to July instead of the initial figure of 2%. Result: The Forbes Index ended June with a 0.1% gain and July, a 0.4% loss.

Thanks to a sharp decline in gasoline and apparel prices, the unadjusted Consumer Price Index for August matched July for the smallest increase so far this year, 0.2%. (The seasonally adjusted CPI showed no gain in August.) Despite encouraging inflation and employment data, the home building business remains depressed.

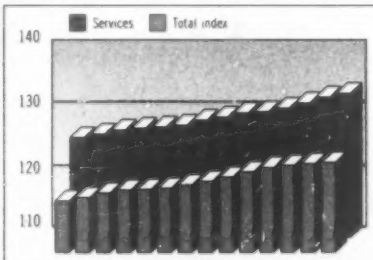
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-3.9%
Index of leading indicators July vs. June	Dept. of Commerce	0.2%
Trade balance last 12 months	Dept. of Commerce	-$112 bil
Producer price index[2] August vs. 1988	Dept. of Labor	4.2%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	2.5%

[1]U.S. based manufacturers only as of 9/10/89. [2]Finished goods.

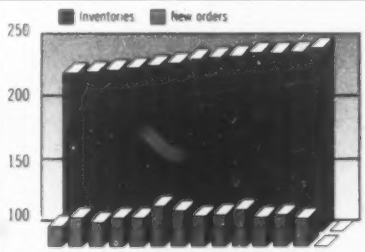
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

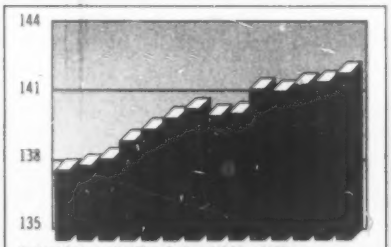
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



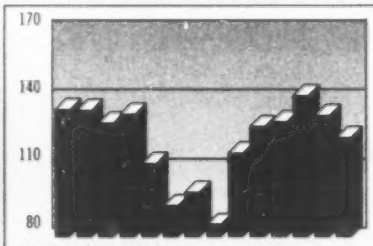
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



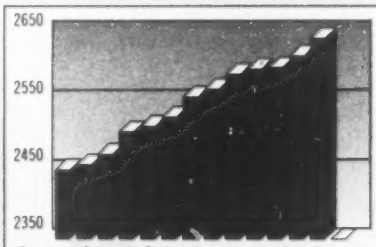
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



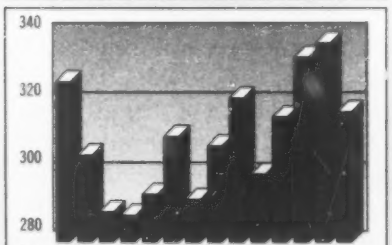
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



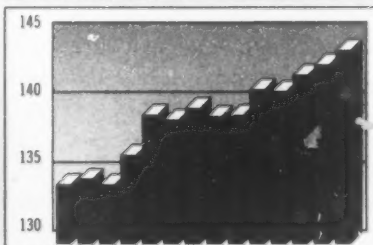
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



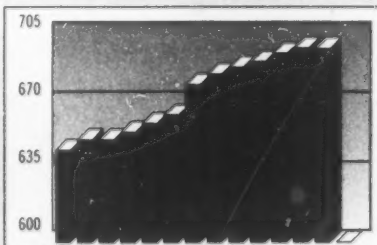
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

You've heard about those crazy damages suits, those huge awards, the insurance rates crunch. Well, it's an ill liability crisis that blows no one any good—$10 billion a year's worth.

The plaintiff attorneys' great honey rush

By Peter Brimelow and Leslie Spencer

Illustrations by Robert Grossman

"We are freedom fighters. We all consider ourselves social engineers. . . . We are crusaders of good. None of us do it for the money, what we are paid is coincidental."—That's Ned Good speaking, Pasadena plaintiff attorney, member of the Inner Circle and on FORBES' list of the highest-earning attorneys in the nation. Good was reluctant to discuss how much money he coincidentally makes in the course of his crusade, but FORBES estimates it's almost certainly more than $3.5 million a year.

Roll over, Wall Street. Meet the real champions of the great American greed game: the plaintiff attorneys—lawyers who specialize in suing.

Top moneymaker in 1988, according to FORBES' count *(p. 204)*, was Houston's Joe Jamail. He made most of his $450 million—our conservative estimate; it could be as high as $600 million—by inducing Texas courts to accept the questionable theory that Pennzoil had a binding contract to buy Getty Oil even though there was nothing on paper. His victim, Texaco, the country's third-largest oil company, was forced into bankruptcy. But Jamail received only a fraction of the publicity Mike Milken got for the $550 million he made with Drexel Burnham back in 1987.

Jamail is merely the most spectacular example to date of a powerful emerging trend. The 62 other plaintiff attorneys on FORBES' list all made above $2 million in both 1987 and 1988. And FORBES has identified at least 15 more $2-million-a-year-plus suspects, with another 50 in the $1-million-to-$2-million range. Then there are the other 53,000 plaintiff attorney members of the Washington, D.C.-based Association of Trial Lawyers of America (despite its name a plaintiff attorneys' lobby: Defense lawyers are eligible only for nonvoting membership). Given the windfall nature of the attack-lawyer business, any of them might strike it rich with a single case.

One measure of the money flowing to plaintiff attorneys: Yeshiva University's Cardozo School of Law Professor Lester Brickman estimates that their total income from contingent fees—their share of the settlement, apart from their expenses—"exceeds $10 billion."

And their boodle is growing rapidly. The top moneymakers on FORBES' list typically said that they've been hitting the big numbers only for the last decade.

Unlike Wall Streeters, plaintiff attorneys don't have to worry about the stock market's swings. They mostly didn't bother with high-priced Ivy League law schools—in fact, they often say they "didn't learn a thing about practicing law in law school." Walter Umphrey *(see list)* even told FORBES that he had trouble graduating from Southern Methodist University, which he attended on a football scholarship, because of "a deficiency in English." But he has no deficiency in income: $14.5 million in 1988.

Why has a single, relatively obscure corner of U.S. legal practice created so many million-dollar incomes?

It's a "fearful concatenation of circumstances," to quote a famous early American trial lawyer, Daniel Webster. In one of those institutional accidents that occasionally happen in a structured but dynamic society, the checks and balances that normally restrain an organized interest group have failed, creating an opportunity to hold the rest of the economy to ransom. Other recent examples: stockbrokers in the 1960s, who were able to make institutional investors pay full commission rates because stock exchange rules forbade volume discounts; airline pilots in the 1970s, whose powerful unions extorted stratospheric salaries out of an industry straitjacketed by regulation.

How has this happened?

The essential mechanism is simple. Two distinctively American phenomena have interacted: the contingent fee system and the "liability crisis," the explosion of litigation and awards that has occurred during the last 30 years in the previously sleepy area of tort law—the law of accidents and personal injury. Both have been historically unknown in other common-law jurisdictions, such as Britain. And plaintiff attorneys there are a lot poorer.

A startlingly large part of the recent massive damage awards goes to the lawyers. Plaintiff attorneys commonly

insist on a contingency fee of 33% to 40%. Plus they get expenses—whatever has been spent to litigate the case. The actual outcome varies among the different classes of tort. But, for example, the Rand Corp.'s Institute for Civil Justice has estimated that in the asbestos claims settled in the early 1980s, plaintiff attorneys' fees and expenses amounted to some 70 cents for every dollar that the injured parties received.

And by one estimate the asbestos industry's liability may be anywhere from $7.6 billion to $87 billion.

Why has this happened?

The lid was knocked off the honey pot in the last 30 years by judges arbitrarily deciding to rewrite the law (FORBES, *June 1, 1987*). The plaintiff attorneys are swarming to the sweet stuff like flies. But for the plaintiff attorneys, their new wealth has meant power. Those swarming flies are now rocking the pot to spill more honey out—and buzzing angrily at anyone who interferes.

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Plaintiff attorneys buzz particularly angrily at talk of the litigation explosion.

"We have been told that Americans are the most litigious people in the world," writes the celebrated Wyoming-based plaintiff attorney Gerry Spence in his 1989 book *With Justice for None: Destroying an American Myth* (Times Books). "Yet, per capita, there are no more suits today than there were in 1959, and the amount of the mean verdict, $8,000, has remained nearly constant since that year after adjustments for inflation have been calculated."

This is the sort of argument that makes the innocent observer suspect trial lawyers. On investigation, the Rand study that Spence cites turns out to be based on the single experience of Cook County, Ill., between 1960 and 1979 only. Although the overall number of civil jury trials was only slightly higher at the beginning and the end of the period, within that number there was rapid growth of nonautomobile torts. And Spence has confused the *mean* (arithmetical average) financial award with the *median* (half higher, half lower) award. The mean rose sharply—because the largest awards were increasing dramatically.

Subsequent studies show these trends have continued. The bulk of tort filings and awards, routine personal injuries such as automobile cases, are growing at a stable rate. But malpractice and product liability filings and awards are sharply higher than three decades ago *(see charts)*. Inflation-adjusted average awards in Rand's sample of business/contract tort litigation were up 9,100% between 1960 and 1984. (Awards can be reduced on appeal, but they have a pervasive effect because they serve as a benchmark for all settlements.) Overall, plaintiffs are winning more frequently and getting more.

And this may not be the whole story. "The real amounts being transferred in the channels of commerce are much greater than any statistics will show," says James Sales of Houston's Fulbright & Jaworski, who was local lead counsel on Texaco's unsuccessful appeal against Pennzoil. Sales says that many cases are now settled before being formally filed—and that recent settlements have actually exceeded comparable jury awards because defendants "are scared to bet the company anymore."

FORBES' conclusion about the litigation explosion: All that plaintiff attorney honey is coming from somewhere.

FORBES' conclusion about Gerry Spence: difficult, because he refused to talk to us on the grounds that we work for "the new oligarchy—namely corporate America." ("The last guerrilla fighters in the country are the trial lawyers.") But he's probably stuffing some $1.5 million a year into his bandolier.

A man is injured after he deliberately throws himself in front of a New York subway train. He sues the city, alleging the driver should have stopped faster, and wins $650,000.

Another example: Spanish-speaking farmhands in Texas accidentally kill a prize bull with pesticide because they couldn't read the warning label. Their employer sues the manufacturer and is awarded $8.5 million, including $7 million of punitive damages. Later, the case settles out of court.

But these judicial atrocities are just the culmination of a step-by-step process that began in theoretical arguments among legal intellectuals in law schools and on the bench some 30 years ago—a classic demonstration that ideas do have consequences. FORBES columnist Peter W. Huber, author of *Liability: The Legal Revolution and its Consequences* (Basic Books) and himself a lawyer and engineer, calls the men who started the process—including William Prosser of Hastings College, John Wade of Vanderbilt University Law School, Roger Traynor of the California Supreme Court—"the Founders." Judges under their influence overthrew the common law of tort as it had developed over six centuries. The chaos that has replaced it has been highly profitable to the plaintiff bar.

For example, before the 1960s, damages could generally be collected only under a number of fixed conditions—if the defendant was actually at fault, if the plaintiff had not contributed to the accident, if the plaintiff had not voluntarily assumed obvious risk and so on. Private contracts, which covered most transactions, were considered inviolate. But gradually, judges undermined these conditions. Defendants, particularly if they are perceived to have "deep pockets," have begun to find they run the risk of losing lawsuits even if their involvement is minimal. Even the most specific contracts to the contrary are ignored.

"In a nutshell, the law now says 'Be careless, get paid,'" summarizes Victor E. Schwartz, a partner with Washington, D.C.'s Crowell & Moring and a tort reform lobbyist.

Similarly, judges have allowed a proliferation of evermore-ingenious damage claims. Formerly, damages were primarily a question of compensating the plaintiff for out-of-pocket costs, like medical expenses. Now nonmeasurable damage claims like "pain and suffering," "loss of consortium" (a spouse's company) and "mental anguish"

have burgeoned. And "punitive" damages in product liability cases, upheld only three times in the first 200 years of U.S. history, have become an epidemic. Even compliance with federal regulatory standards does not protect defendants against them.

"Since the 1960s, courts have become more political," says Schwartz. "Also, there is a feeling on the part of judges that the U.S. is behind in not having a comprehensive social welfare system. Tort law has become a system of social insurance."

Judges opened the honey pot because they wanted to redistribute the wealth. Plaintiff attorneys want to help. Partly, plaintiff attorneys help to keep the honey flowing by sheer relentless pressure. They are intensely motivated to come up with new moneymaking gambits.

Would you believe "hedonic damages"—the value an accident victim would have placed on his future happiness in addition to his loss of earnings, pain and suffering, his spouse's loss of consortium, etc., etc.? How about "posthumous pain and suffering"? New York's Robert Sullivan (FORBES' income estimate: $1.4 million) once won $1.5 million in extra damages for the four seconds in which a truck accident victim burned to death ("We got doctors to testify his brain exploded"). Or the Big Apple Pothole Corp.—a private pothole census founded by Manhattan plaintiff attorney Fred Queller (FORBES' income estimate: $1.25 million) to counter New York's attempt to restrict its liability only to accidents involving potholes of which it had been informed.

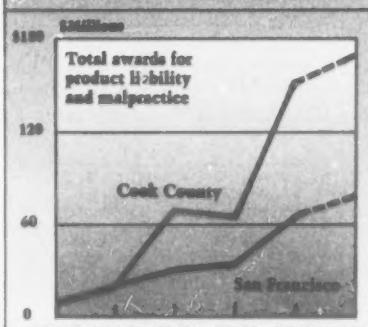
Quantity counts as well as quality. A plaintiff attorney firm often has few principals and many support staff because much of its litigation can be mass-produced boiler-plate, sometimes designed simply to overwhelm the defense. (These can be class actions, another feature of the "legal revolution," but plaintiff lawyers prefer filing individual suits en masse: Class action fees can be limited by the judge.) This mass production, presumably, is how Melvin Belli ($2.5 million) came to file a claim in the Dupont Plaza Hotel fire case on behalf of an injured woman's husband, who had been dead for years.

And the flies' campaign to rock the honey pot is helped by its accumulating financial momentum. For example, monies won by plaintiff attorneys against the Dalkon Shield contraceptive case went directly to finance further lawsuits against other (and safer) contraceptives and morning-sickness drugs.

A more complex factor: the disintegration of the traditional code of legal ethics. In his book on the litigation explosion due next year from E.P. Dutton, Manhattan Institute Senior Fellow Walter Olson argues that the "legal revolution" has also seen the effective erosion of long-standing rules against barratry (inciting clients to litigate). "The old rules told lawyers to sit around passively and wait for business," says Olson. "The new rules encourage them to recruit clients, stoke their grievances and run the suit for maximum dollar output."

Growth Industry

Few things have risen as relentlessly as tort case awards. The dotted lines are projections, based on prior trends, in these two active markets.



* FORBES averaged trend.
Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

The traditional code was enforced partly by statute and judicial rulings, but also by consensus within the profession. Now, however, many plaintiff attorneys are openly hostile to its restraints. This year John O'Quinn (number 8, $8 million) justified his hiring nonlawyers to solicit clients on the grounds that this "case running" should be legalized in Texas. An attempt to disbar him failed.

But the plaintiff attorneys' most important leverage on the honey pot is provided by their interlocking relationship with two key groups: judges and politicians.

The fellow-feeling between lawyers and judges is one of the more obvious facts of life. So obvious that some years ago a judge admitted frankly in an opinion that invalidating contingent fees was "an unpleasant task for courts, especially this one, for it has practiced law for so long in the vineyard before coming to the bench and recognizes the difficulties of maintaining a law office. . . . " Symbolically, New York's Jacob Fuchsberg, ex-president of ATLA and founder of its magazine *Trial*, spent some years as a judge on New York's Court of Appeals before returning to his vineyard (no FORBES vineyard estimate, but he says it's a "multimillion-dollar" one).

In some states, and at the federal level, judges are appointed. But the American Bar Association rating system, which has become a crucial test for judicial nominees, is weighted toward trial experience—even for appellate courts, although they focus exclusively on points of law. This obviously favors both the plaintiff and defense bars over corporate lawyers and legal academics.

Where judges are elected, the role of the plaintiff attorneys has become notorious: campaign contributions. In Texas, the fundraising drive supported by Joe Jamail and Pat Maloney ($6 million) was so successful that, according to one Texas attorney, "until last year the plaintiff bar owned and controlled the Texas Supreme Court." And Maloney is confident that 1988's election reversal will be corrected in 1990: "We are resilient, and we will bounce back."

It is another obvious fact of life that many politicians are lawyers. Sixty out of 100 U.S. senators and 186 out of 435 House members have law degrees. At least 48 senators and 161 House members have been practicing lawyers, including majorities on both Senate and House Judiciary Committees. Perhaps the most significant: Senator Ernest Hollings (D–S.C.), a trial attorney and a founder of ATLA's predecessor, now chairman of the Senate Commerce Committee, where he is ideally placed to stop tort reform legislation.

ATLA has given money to 1,485 Congressional Democrats and 656 Republicans since 1977. In 1987-88, it disbursed $3.9 million. And this doesn't include plaintiff attorneys' individual contributions.

"They're a highly focused lobby," says tort reform lobbyist Victor Schwartz ruefully. "They've *never* lost on an issue before Congress."

Plaintiff attorneys are also intimately involved with state politics. "I am on a first-name basis with all the

legislators from Dade County," boasts Miami's J.B. Spence ($2.5 million). Corpus Christi's William Edwards says that he and partner David Perry (each $2 million) have spent a total of seven months in the past two years with the state senate in Austin drafting legislation during tort reform battles.

The legislative influence of trial lawyers may extend far beyond such obvious causes as blocking tort reform and attempts to cap damages and restrict contingent fees. Some observers suspect it in the chronic vagueness of many recent statutes, whose meaning must be fought out in litigation. Two other legislative habits that make life nicer for plaintiff attorneys, particularly in the environmental, civil rights and regulatory areas: provision for paying fees of attorneys suing the government—not merely if they win but sometimes even if they just raise a "novel legal argument"—and the provision for private causes of action, so that private individuals can sue to ensure compliance with the law.

This species of forensic vigilantism has attracted Herb ("I'm the best damn lawyer in America—I take shit cases and turn them into gold") Hafif. Hafif (number 2, $40 million) says he has invested around $4 million to $5 million from his practice, primarily personal injury, in prosecuting whistle-blower cases against defense companies as permitted by recent legislation. His aim: "to clean up the defense industry."

Plaintiff attorneys take lobbying seriously. ATLA has equipped itself with top professionals: Washington lawyer Tom Boggs ($1.6 million on FORBES' corporate lawyer list), son of former Democratic Majority Leader Hale Boggs and Representative Lindy Boggs (D–La.); and Republican-linked consultants Timmons & Co.

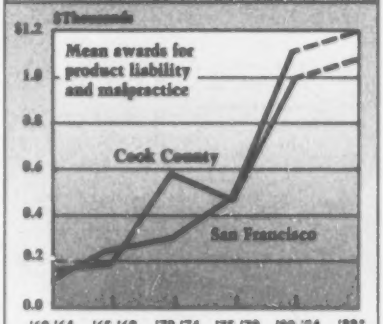
Lobbying in a broader sense, the plaintiff attorneys also have a self-described "public interest arm": the three-lawyer, $650,000-a-year Trial Lawyers for Public Justice. TLPJ's mandate is apparently to boldly go where no plaintiff attorney has gone before. It pursues both quixotic liberal causes, such as the Christic Institute's RICO suit alleging that a "secret team" of conservatives and ex-intelligence officials mixed drug-running with aid to the Nicaraguan contras; and also ingenious but marginal litigation theories, such as the claim that automakers are liable for crash injuries since the invention of airbags because they have not made them standard.

One student of plaintiff attorneys believes their most effective lobbying is done for them. "They're no-see-ums," complains Victor Schwartz, comparing plaintiff attorneys with the microscopic but painful Vermont bug. "What you see is Ralph Nader."

Nader, after eight years, is back on the inside," headlined the *New York Times* this spring after Nader attended a White House signing ceremony for a bill that "tightened protections for federal whistle-blowers." By a remarkable coincidence, similar articles appeared around the same time in major business magazines.

Averaging up

A rarity just a decade ago, the $1-million-plus award is now merely average in San Francisco and Cook County. (Dotted lines are based on past trends.)



* FORBES averaged trend.
Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

Actually, Nader never went away. He is widely credited with inspiring many of Washington's alphabet-soup regulatory agencies. But perhaps more significant has been his role in encouraging the extension of liability and in suppressing the screams of insurance companies, who get the blame when rates go up but are, in effect, just collection agencies for the plaintiff attorneys. "The [insurance] industry is intimidated by him," says George K. Bernstein, a Washington insurance lawyer.

Nader and the plaintiff attorneys are clearly good friends who go back a long time. Even before he became famous with his 1965 book attacking the Corvair, *Unsafe at Any Speed*, he published an article on the theme in ATLA's *Trial* magazine. An ex-Nader-raider is now on FORBES' list—Richard Warren Mithoff (number 10, $7.4 million). Trial Lawyers for Public Justice was founded at Nader's suggestion. Recently Nader was the speaker at the Texas Trial Lawyers Association's annual banquet. "We had most of the Texas Supreme Court there; they were actually sitting up on the stage while Nader was at the podium," says Bob Gibbins ($3.7 million). "Nader supports all of our issues and we support all of his."

How? Do plaintiff attorneys contribute to Nader's organization? (one estimate of its budget: $5 million—raised 55% from individuals, 15% from foundations).

In the past Nader has violently resisted this suggestion, not surprisingly since he has regularly argued that contributions can mean conflict of interest. Former *New Republic* managing editor David Sanford, in his book *Me & Ralph: Is Nader Unsafe for America?* described Nader's "hysterical, personally abusive reaction" to a 1972 article in the magazine linking the fact that a Nader organization had accepted a $10,000 check from ATLA to Nader's opposition to no-fault insurance (which he still maintains, unlike other consumer organizations.) The check was later returned in what Sanford called a "cover-up." Sanford, today an editor with the *Wall Street Journal*, stands by his account. "Ralph believes in an aristocracy of trial lawyers," he says.

Some of the aristocrats are less shy. "We are what supports Nader. We all belong to his group. We contribute to him, and he fundraises through us," says Fred Levin ($7.5 million). "I can get on the phone and raise $100,000 for Nader in one day," says Herb Hafif. "We support him overtly, covertly, in every way possible," says Pat Maloney. "He is our hero. We have supported him for decades. I don't know what the dollar amounts would be, but I would think it would be very large, because we have the money and he has our unabridged affection. I would think we give him a huge percentage of what he raises. What monied groups could he turn to other than trial lawyers?"

But Joan Claybrook, president of Public Citizen, Nader's core organization, says Public Citizen receives no money from ATLA. And she adds: "We have 50,000 members [contributors of $20 or more]. I would be surprised if there were 20 members of the plaintiff bar among them."

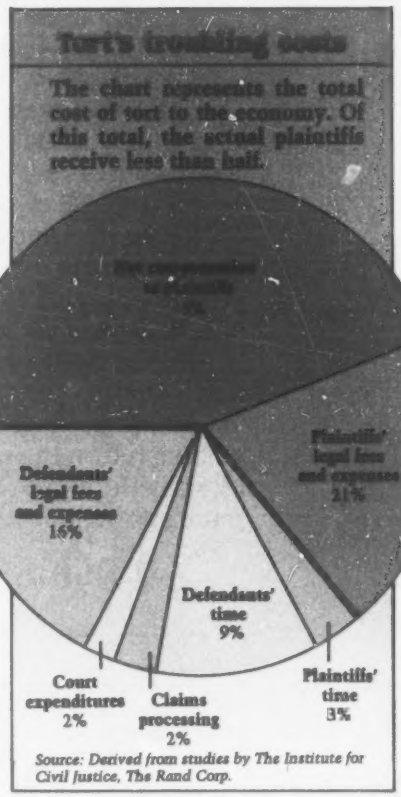
There are plenty of pointed questions that an alert

consumer organization could ask the plaintiff attorneys.

Such as: Is there enough competition between them—research suggests their contingent fees tend to "clump" at one-third and 40% of the award—just the sort of suspicious "parallel behavior" that has caused plaintiff attorneys to sue other industries, alleging antitrust violations. Do plaintiff attorneys disclose enough to prospective clients—should they offer a choice of contingent fees or hourly billing? Indeed, why are plaintiff attorneys allowed to demand contingent fees at all in cases where there is plainly no contingency—such as aircrash cases, in which liability is not in doubt as a practical matter, with the result that some plaintiff attorneys have received fees equivalent to $10,000 an hour? Or with successful plaintiff attorneys regularly choosing their cases so carefully that 95% settle out of court? Or in commercial cases, when the client is not indigent? Do clients have enough control over the expenses that plaintiff attorneys deduct from a settlement? What about practices like requiring all personal injury clients to reconfirm their hurts with particular doctors, at a high price that can be passed to the defendant? (Doctor allies are often defended by the plaintiff attorney in any malpractice suits.) What about allegations that plaintiff attorneys representing union clients sometimes pay kickbacks to the union business manager?

Public Citizen's Claybrook says she "doesn't know the answer" to fee-clumping and disclosure. "I am not a trial lawyer, and I've never gone into the issue." Public Citizen has said that contingency fees should not exceed one-third, and where the award is large "we would hope the lawyer would take less." Otherwise Claybrook defends contingency fees on the standard grounds that some clients can't afford hourly rates and "a plaintiff lawyer gets paid only when he wins."

Claybrook will have an opportunity to "go into" these issues the next time Trial Lawyers for Public Justice and ATLA's Civil Justice Foundation have board meetings. She's on both.


Tort's troubling costs
The chart represents the total cost of tort to the economy. Of this total, the actual plaintiffs receive less than half.
Plaintiffs' legal fees and expenses 21%
Defendants' legal fees and expenses 16%
Defendants' time 9%
Court expenditures 2%
Claims processing 2%
Plaintiffs' time 3%
Source: Derived from studies by The Institute for Civil Justice, The Rand Corp.

I saw you earlier today, like sneak thieves in the night, slipping in here without nametags to snoop on our proceedings. A message to you, you medicine men of the oil slick, you fork-tongued serpents of the dollar. You have no need to sneak in here, 'cuz right after this meeting, we are coming after *you*. I'm *tired* of playing defense. . . . All the plaintiff lawyers of America are coming after you, you insurance demagogues, *because we owe you one!*"

Southern oratory is not dead. New Orleans' Russell Herman (FORBES income estimate: $1.3 million) took time during his presidential address to July's ATLA Annual Convention to direct these fraternal words at another lobby, the National Conference of Insurance Legislators, convening by unhappy coincidence in the same Boston hotel.

About 3,000 plaintiff attorneys came buzzing from all over the country to the weeklong convention. They attended a vast selection of lectures on technical subjects. They honored friendly journalists and judges—Chief Justice Paul Liacos of Massachusetts, and Justice Pascal Calagero of Louisiana, who thanked ATLA President Herman for "helping me continue to win elections." They attended 35 separate "litigation groups" with names like "Silastic Gel Breast Implants" and "Bic Lighters," where they swapped information and strategies. Herman announced that a larger clearinghouse, the ATLA Exchange, is to accumulate "a cavalcade of horrors" for use by ATLA members in personal injury and other cases.

Notwithstanding a luncheon address by cool conservative columnist George Will, the convention's atmosphere was rather like a liberal version of a fundamentalist revival meeting: emotional, evangelical, moralistic. Bob Gibbins described his accepting ATLA's vice presidency as "taking on the cause for the injured and suffering, victimized, minorities and women."

Plaintiff attorneys are an anomaly, like journalists and academics: a professional group whose politics on average are decisively to the left of others of comparable income. "There are a few Republican trial lawyers, but few in number," says Pat Maloney. "You can pick them out, because they wear peculiar clothes."

"Most of us are liberal Democrats," says Mike Gallagher ($2.5 million), recommended to FORBES as a token Republican. (But he says he supported Edward Kennedy and Lloyd Bentsen—and contributes to Ralph Nader.) Does he know any other Republican plaintiff lawyers? Gallagher chuckles: "I saw one other one, one time."

Among some plaintiff attorneys, political alienation runs very deep indeed. "I think it's a bitter shame about this society, the Russians have got a more responsive political system than we do," says Herb Hafif, would-be cleanser of America's defense industry.

This hostility toward American institutions sometimes even includes FORBES. "Why would FORBES magazine want to be here?" asked ATLA Secretary Roxanne Conlin (estimated income: $750,000). "I mean, we sue your readership regularly, and we enjoy doing it very much."

Plaintiff attorneys unquestionably believe their own rhetoric. At least ATLA's Civil Justice Foundation thinks so. Its fundraising leaflet at the convention began: "As a trial lawyer, you profit from your work in many ways—the sweet success of righting an egregious wrong, the triumph of empowering the powerless, the certain knowledge of your role in penalizing wrongdoers."

All this and $10 billion, too.

A specter is haunting the plaintiff attorneys—the specter of tort reform. After 30 years, the flies rocking the

Brothers in bucks

You might as well put together a list of prostitutes and how much money they make," snarled tort lawyer and Inner Circle founder Richard Grand, when FORBES asked to interview him. "How would you like it if I wrote an article telling the world where you jog in Central Park?"

Grand's surliness was in sharp contrast to the clear skies over Sun Valley, Idaho, this year's venue for the annual summer meeting of the Inner Circle of Advocates—the highly exclusive fraternity of personal injury lawyers founded in 1972 to celebrate the tort industry's cherished trophy: the million-dollar verdict.

Thanks to inflation (both the monetary and legal kind), a million-dollar verdict isn't what it used to be. But the Inner Circle is more than keeping pace. To qualify today, a lawyer needs four verdicts of over a million dollars upheld on appeal. Punitive damages don't count. And membership is limited to 100 attorneys—of "high moral character."

FORBES' listing of the nation's highest-paid lawyers includes 26 Inner Circle members. Some openly boasted of their big verdicts and settlements, while others like Richard Grand wished we would go away. As Sheldon Schlesinger (who earned $4.5 million last year) put it: "FORBES showing up here makes all these guys very nervous."

Inner Circle sessions at the annual meeting are closed-door; not even wives of this so-far all-male group are allowed to attend. But between golf and mountain biking, the "brothers," as some like to call themselves, convene to swap strategies and stories about their latest victories.

In one session, Florida's Frederic Levin, who last May won a $5 million wrongful death case in a one day trial, noted that his celebrity status as a local TV host is a big asset. "Every juror in Pensacola knows me," he said. Veteran Inner Circler and Californian Dave Harney recounted his winning a total lifetime payout of around $54 million for a brain damaged child. In addition to compensating the child for a lifetime of medical care as well as for pain and suffering, says Harney, "they [the jury] have her going to college and earning $30,000 a year by age 22. We had a neonatologist give her a normal life expectancy"—all with 5.5% to 6% interest annually.

Now you know why your doctor has to raise his fees to pay the high cost of malpractice insurance.

One contribution to the Inner Circle is Joseph Jamail's KISS (Keep it Simple Stupid) Principle. Juries, according to Jamail, don't understand much and don't like being bombarded with facts.

A roundtable discussion focused on the plan to introduce satellite TV into the courtroom, beaming in clients and expert testimony from other cities, and even countries. TV testimony would cost as high as $12,000 an hour. But Inner Circle members can easily spend $200,000 on one multimillion-dollar case.

One big benefit of Inner Circle membership: the group's expert witness database, not meant to be shared with nonmembers. These doctors, engineers and economists can demand up to $2,000 for one day's consultation, and as much as $10,000 for two days in trial.

Guy Allison, on FORBES' list at $4 million but not a member of the Inner Circle, is unimpressed. Says he: "All the Inner Circle does is sit around and boast about their big deals. It's like boys in the locker room talking about how many girls they've. . . ." They've got a lot to brag about.—**Leslie Spencer**

honey pot may finally have provoked America to replace the lid.

In 1985-86 insurance rates, forced ever upward and in good part because of raids by the plaintiff lawyers, threatened to close popular public services for want of insurance. The media is publicizing useful products allegedly kept off the market for fear of litigation, notably an asbestos substitute developed by Monsanto. Peter Huber's book *Liability* has focused attention on the total "tort tax" on the economy. Huber estimates that individuals, businesses and governments pay at least $80 billion a year directly, in such ways as litigation costs and higher insurance premiums, and a total of $300 billion indirectly, counting the cost of efforts to avoid liability.

Ultimately, this "tort tax" is paid by the consumer. For example, an estimated 55% of the average football helmet's $110 cost is now due to liability insurance costs. Helmetmakers on the margin have been squeezed out of business: In 1970 there were about 18, now there are 2. And sports on the margin are being squeezed out, too: A recent survey found that several hundred colleges and universities have eliminated sports such as flag football, noncompetitive diving, canoeing and hiking because of liability costs.

Partly as a result, sophisticated new tort reform lobbies are emerging—such as North Palm Beach, Fla.'s Coalition of Americans to Protect Sports and the defense bar's Washington, D.C.-based Lawyers for Civil Justice.

But the plaintiffs' attorneys are fighting back fiercely. They blame the insurance industry, sometimes striking a public chord, as when California passed Proposition 103, rolling back auto rates. Their argument is made superficially appealing as the rates crunch eases, although this is probably a cyclical phenomenon.

The battle for tort reform is now raging across the states. But it's entirely possible that it could be lost, much as no-fault automobile insurance was effectively blocked during the 1970s.

Still, some states have begun to allow courts to assess costs against frivolous actions. Perhaps this is the first step to some sort of "English rule" whereby either side must be prepared to pay the other's costs if their action is unsuccessful. Decisively altering the plaintiff's incentives to litigation, the "English rule" may be the ultimate tort reform.

Without it, the swarming plaintiff attorneys may do to the American economy what labor unions did to the British. ■

The Best Paid Trial Lawyers

The top ten

On the basis of our estimates of their 1987 and 1988 earnings, these are the country's ten highest paid trial lawyers. Other well paid trial lawyers follow.

James McGoon

1. JOSEPH DAHR JAMAIL

Jamail & Kolius, Houston, Tex.
1988 income: $450 million 1987 income: $25 million

Jamail, 63, graduated from the University of Texas law school and is best known for the victory in the 1987 Texaco-Pennzoil case that brought him an estimated $420 million in fees. Jamail spent around $5 million on a 19-passenger Gulfstream jet. His personal injury practice won over $100 million in judgments and settlements in 1988, and $75 million in 1987, of which the firm reaped about a third. "I never wash windows," he says, "nor do I work by the hour." Recent cases include winning a $52 million verdict in a Texas wrongful death suit that settled in 1988 for $22 million. Jamail's seven associates are on salary and are guaranteed a percentage of profits; they also get a percentage of the cases they win. (As with all salaries in this survey, the income figures are for Jamail alone, not for his firm.)

Jim McHugh

2. HERBERT HAFIF

Law Offices of Herbert Hafif, Claremont, Calif.
1988 income: $40 million 1987 income: $15 million

Hafif, 59 and a graduate of the University of Southern California law school, has brought three "whistleblower" cases against defense contractor Northrop Corp. on behalf of former and present Northrop employees and the government. His firm's tactics in these cases have already brought a $5,000 sanction and an order to pay $58,000 to cover Northrop's legal bills. (The order has been reduced to $5,000.) He made national headlines with the $540 million he won against ComputerLand in a 1988 tort case he brought on behalf of MicroVest. That judgment gave Hafif 5% of the company's stock, worth $25 million; he now represents ComputerLand. Big cases include a 1986 settlement with BKK Corp. for over $43 million made on behalf of some 500 plaintiffs who charged BKK with operating an unsafe landfill. His take: $13 million. Ran unsuccessfully as a Democrat for governor of California in 1974.

3. GERALD MICHAUD

Michaud, Hutton & Bradshaw, Wichita, Kans.
1988 income: $18 million 1987 income: $9 million

Age 60. Graduate of Washburn University law school. A leading player in DTP, toxic shock and live polio vaccine cases. Michaud has handled over 500 birth control pill cases since the late 1960s. Recent cases include a $16 million verdict in 1988 in a toxic shock syndrome case brought against Playtex International. Michaud's take: $4 million. In 1988 alone he closed some 20 cases, each of which was worth over $1 million. Has taken home over $5 million annually for the last ten years. Owns an 80-acre ranch and 30 quarter horses.

4. WALTER UMPHREY

Umphrey Swearingen Eddins & Carver, Beaumont, Tex.
1988 income: $14.5 million 1987 income: $12.5 million

Umphrey is 53. Started out as insurance adjustor. Graduated from Baylor University law school; was a pioneer in asbestos litigation. In 1985 he was the leading lawyer in a $138 million settlement in a class action products liability suit against 16 asbestos firms. Earnings: $18.2 million. Umphrey's Beaumont firm made over $23 million in 1988. His Houston firm recently merged with Houston labor law firm Watson, Flynn & Bensik, and counts among its clients the Oil, Chemical & Atomic Workers Union. Has two planes, a helicopter.

Douglas Edmunds

5. MAX TOBEROFF

Toberoff, Tessler & Schochet, New York, N.Y.
1988 income: $12 million 1987 income: $6 million

Toberoff, 67, is known as the medical malpractice king of New York, with a specialty in running down podiatrists. Claims to have lost only 6 of the 600 cases he has tried. A ten-week medical malpractice trial in 1988 brought an $11.5 million verdict. He boasts that he settled 5 cases over the phone during that trial, for an extra $15 million. Owns an apartment in Paris worth over $2 million, and a villa near Cannes. He graduated from Brooklyn Law School.

6. ERNEST CANNON

Ernest Cannon & Associates, Houston, Tex.
1988 income: $7 million 1987 income: $11 million

A University of Texas law school grad, Cannon, 45, operates mainly out of Texas' Matagorda County, famous for its multimillion-dollar judgments (FORBES, *Apr. 7, 1986*). In 1988 Cannon won about $40 million in gross recoveries, and some $70 million in 1987. His targets include Ford Motor Co. Also in 1988 he won $23 million for a 5-year-old client who was severely injured while riding a lawnmower. Cannon convinced the jury that the manufacturer, Ariens Co., was grossly negligent. Punitive damages in the case were $13 million. (Ariens subsequently settled.) Known for his close ties to local judges: In one of Cannon's cases a 6-year-old plaintiff sat on the judge's lap to deliver her closing testimony.

7. RONALD D. KRIST

Krist, Gunn, Weller, Neumann & Morris, Houston, Tex.
1988 income: $9 million 1987 income: $7.5 million

Best friends with Joe Jamail, Krist won headlines for representing some of the families of the *Challenger* space shuttle astronauts. The amount of the settlement is under seal, but it's in the many millions of dollars. Krist won the first "crashworthiness" case in Texas against General Motors in 1976. His seven associates pay their own overheads and make whatever they can on their cases. A graduate of the University of Texas law school, Krist is 52.

8. JOHN O'QUINN

O'Quinn, Kerensky & McAninch, Houston, Tex.
1988 income: $8 million 1987 income: $6 million

Age 48. Graduated from the University of Houston law school. The State Bar of Texas has just completed an investigation into whether O'Quinn paid people to solicit clients for him. The bar found him guilty, but rather than disbar him, it merely charged O'Quinn a nominal fine for his crime and ordered him to perform 100 hours of public service. O'Quinn recently won a breach of contract verdict for over $600 million against Tenneco, which later settled for an undisclosed sum. His fees from this settlement alone will raise O'Quinn's gross income for 1989 to about $50 million.

9. STANLEY S. SCHWARTZ

Sommers, Schwartz, Silver & Schwartz, Detroit, Mich.
1988 income: $7 million 1987 income: $6.2 million

Schwartz, 57, specializes in birth trauma cases. His firm employs 66 lawyers and 100 support staff, and processes over 100 infant brain damage cases a year. These cases yield annual settlements of over $100 million, of which the firm takes a third. The firm employs ten nurses full time to evaluate the 60 cases a month that come into his office. A University of Michigan law school graduate, he has written a two-volume, 1,500-page treatise on birth trauma.

10. RICHARD WARREN MITHOFF

Mithoff & Jacks, Houston, Tex.
1988 income: $7.4 million 1987 income: $5.4 million

Mithoff is 43, graduated from the University of Texas law school and specializes in product liability and medical malpractice. After working for Ralph Nader as a law student, he spent nine years as a lawyer with Joe Jamail. In 1986 he won a $50 million settlement from North Texas Hospital for an infant brain damage case. Soon after, Mithoff set up a $100,000 endowment for the University of Texas medical school to improve training in delivery room techniques. Last year gross recoveries from verdicts and settlements were $21 million, and the year before, $16 million. Out of this Mithoff takes 40%. Represented his friend Jamail pro bono in a 1986 contract/fee dispute Jamail had with a referring lawyer.

The Best Paid Trial Lawyers

Lawyer/firm	Location	Estimated 1988 income ($millions)	Estimated 1987 income ($millions)	Law school	Age
Gilbert (Buddy) Low/Orgain, Bell & Tucker	Beaumont, TX	8.5	3.0	Univ of Texas	56
Frederic Levin/ Levin, Middlebrooks, Mabie, Thomas, Mayes & Mitchell	Pensacola, FL	7.5	5.0	Univ of Florida	52
Philip Corboy/Corboy & Demetrio	Chicago, IL	7.0	5.7	Loyola Univ	65
F. Scott Baldwin/Baldwin & Baldwin	Marshall, TX	6.0	4.0	Univ of Texas	60
Harry Lipsig/Lipsig & Zelman	New York, NY	6.0	6.0	Brooklyn Law	87
Pat Maloney/Law Offices of Pat Maloney & Associates	San Antonio, TX	6.0	6.0	Univ of Texas	65
Jack Olender/Law Offices of Jack Olender & Associates	Washington, DC	6.0	6.0	Univ of Pittsburgh	54
Thomas Demetrio/Corboy & Demetrio	Chicago, IL	5.0	3.8	IIT-Chicago Kent College of Law	42
Don Riddle/Riddle & Williams	Houston, TX	5.0	5.0	Univ of Houston	51
Leonard Ring/Leonard Ring & Associates	Chicago, IL	4.8	4.8	De Paul Univ	66
Eugene Pavalon/Pavalon & Gifford	Chicago, IL	4.5	2.0	Northwestern	56
Sheldon Schlesinger/Sheldon J. Schlesinger	Ft Lauderdale, FL	4.5	4.5	Univ of Miami	59
Guy Allison/Allison & Huerta	Corpus Christi, TX	4.0	4.0	Washington Univ	57
A. Robert Zeff/Zeff & Zeff & Materna	Detroit, MI	4.0	2.1	Univ of Detroit	55
Bob Gibbins/Gibbins & Winckler	Austin, TX	3.7	3.7	Univ of Texas	53
Robert Montgomery Jr/Montgomery & Larmoyeux	W Palm Beach, FL	3.7	3.0	Univ of Florida	59
Ned Good/Law Offices of Ned Good	Pasadena, CA	3.5	3.5	Univ of S Calif	61
Tom Anderson/Thomas T. Anderson & Associates	Indio, CA	3.2	2.5	Univ of San Francisco	61
Robert Conason/Gair, Gair & Conason	New York, NY	3.2	2.8	New York Univ	57
Robert Clifford/Robert A. Clifford & Associates	Chicago, IL	3.0	2.3	De Paul Univ	38
Tom Moore/Kramer, Dillof, Tessel, Duffy & Moore	New York, NY	3.0	3.0	Fordham	47
Nat Ozmon/Anesi, Ozmon, Lewin & Associates, Ltd.	Chicago, IL	3.0	2.8	Northwestern Univ	64
William Shernoff/Shernoff, Scott & Bidart	Claremont, CA	3.0	3.0	Univ of Wisconsin	51
Don Bowen/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	2.8	2.5	Univ of Texas	45

Low is the only plaintiff attorney in an old-line defense firm. Served as local counsel for Vinson & Elkins in ETSI antitrust case against 5 railroads, which resulted in a verdict of $1.3 billion. A 1988 settlement with 4 of the railroads yielded $285 million. His take: $12.5 million. He splits his contingency fees with his firm. Represented T. Boone Pickens in 1979 Cities Service hostile takeover.

Levin earned $500,000 a year as Gulf Power Co.'s general litigation counsel, 1983-89. Won a $5 million verdict in one day this May for the death of a young man. His TV show, "Law Line," has made him a local celebrity. Counsel for boxer Roy Jones Jr. Member of Inner Circle of Advocates.

Corboy is one of the best-known big-money negligence lawyers in the country. He boasts having lost only one case in 17 years (it was overturned on appeal). Turns down 19 out of 20 requests for representation in medical malpractice. Member of Inner Circle of Advocates.

Baldwin started asbestos litigation in U.S. with 1978 case against Pittsburgh Corning, which settled for $20 million. One of lead counsel in 1987 asbestos case against a dozen companies, which settled for $125 million. Firm's staff of 15 includes two pilots for his private plane. Member of Inner Circle of Advocates.

Lipsig is considered the "king of torts" in New York. Started new firm earlier this year after bitter rift with his two former partners, who claim the firm will now enjoy a more "equitable distribution" of the profits. Currently suing Mike Tyson on behalf of Mitch Greene for $25 million for assault and battery. Greene is also suing Tyson for "failure to fight." Reflects on his long career: "I've wrecked enough lives to feel wrecked myself."

Maloney processes over 1,000 cases a year. Partners are his wife and kids. Active in organizing Texas Supreme Court election campaigns on behalf of the plaintiff bar. Was embroiled in recent scandal involving Texas Supreme Court justice C.L. Ray, in which he donated money to the judge's campaign and received preferential treatment in return. Member of Inner Circle of Advocates.

Olender is the "king" of medical malpractice in D.C. Mayor Marion Barry declared Feb. 18, 1987 to be "Jack Olender Day" in recognition of his "philanthropic support" for D.C. city counsel officials. He gave the "Jack Olender Peacemaker Award" in 1988 to Gorbachev and Reagan. A recent "60 Minutes" special focused on the damage his large verdicts have done to the medical community in D.C. Member of Inner Circle of Advocates.

Demetrio is Philip Corboy's partner and heir apparent. 1989 president of Illinois Trial Lawyers Association. Active in ATLA. He and Corboy have together made at least $8 million to $10 million a year in each of the last 8 years.

Riddle has handled over 150 railroad crossing cases, and has lost only one. Won $8.5 million in 1987 in a medical product liability case, after which plaintiff died. In a separate case he expects to win $10 million to $15 million for the family of the deceased client, bringing their total award to about $20 million. If the second case succeeds his total take will be at least $6.5 million.

Ring was responsible for setting up the ATLA political action committee in 1973-74. Specializes in precedent-setting cases that expand defendants' liability. Until summer 1989 was chairman of the ATLA committee that proposes and fights legislation in Congress. Chairman of Tort and Insurance Practice Section of the ABA. Member of Inner Circle of Advocates.

Pavalon was 1987-88 ATLA president, is current president of the Roscoe Pound Foundation, ATLA's "think tank." Settled a wrongful death auto case against General Telephone for $20.3 million in 1988. His take from the case: $6.7 million.

Schlesinger is one of the biggest medical malpractice specialists in Florida. Won a $5 million product liability verdict in 1982 against Toyota, arguing that a fuel tank design defect killed three people in a rear-end collision. It was the only judgment ever won against Toyota. Refers to himself as "Jack the Giant Killer" and "the Equalizer." Member of Inner Circle of Advocates.

Allison made more money in a 1988 case against General Motors than GM had paid him in the 25 years he represented it, between 1962 and 1987. Defends medical insurers. Brought case in 1988 against Circle K stores charging them with illegally selling liquor to a drunk "customer." The transactions were staged. Settled case for an undisclosed amount in February. Owns a 4,500-acre cattle ranch near Portland, Tex.

Zeff specializes in divorce cases, for which his fees are determined in part by the result obtained. Contingency fees in divorce cases are in violation of ABA rules. Represented Cristina Ford, wife of Henry Ford II, in 1980 divorce. Member of Inner Circle of Advocates.

Gibbins is current vice president of ATLA. Settled 1988 legal malpractice case against Vinson & Elkins for "failure to advise" businessmen in antitrust law. Amount of suit: $31.2 million in damages. Settlement is under gag order. Should make $5 million in 1989.

Montgomery specializes in medical malpractice. Got the first $10 million verdict in Florida in a single injury case. Lawyer for Kathleen DuRoss Ford, widow of Henry Ford II. Split with his former partner Christian Searcy (on list) over financial disagreements. Member of Inner Circle of Advocates.

Good's boutique firm specializes in aviation and major accidents. Settles 50 cases a year, half of which come in at over $500,000. Owns and pilots a 7-seat turboprop airplane. Member of Inner Circle of Advocates.

Anderson won a punitive damage verdict of $147 million in the 1988 Technical Equities fraud case. Some defendants settled previously for $60 million. The verdict is still pending. His take so far: $1 million. Represents 160,000 claimants in a class action fraud suit against evangelist Jim Bakker and associated accounting firm. If successful, he hopes to win $1,000 for each claimant, or $160 million. Member of Inner Circle of Advocates.

Conason is lead counsel in the oldest plaintiff firm in New York, founded by Harry Gair in 1915. Specializes in medical malpractice. Won $6.5 million in March of 1989 for family of a client killed by a narcotics undercover agent. Member of Inner Circle of Advocates.

Clifford started his career with a 10-year apprenticeship at the Chicago firm of Philip Corboy (also on list). Represents three passengers in the DC-10 Sioux City airplane crash of July 1989.

Moore has taken on the mantle of recently deceased firm founder, Charles Kramer, one of founders of medical malpractice in New York. Recently won a $2.5 million legal malpractice judgment against another medical malpractice lawyer. Member of the Inner Circle of Advocates.

Ozmon is a major architect of the Structural Work Act of Illinois, an act that expands liability claim rights for construction workers.

Shernoff specializes in "insurance bad faith law." Won $4.5 million verdict over a $48 disputed medical claim. Helped found with Ralph Nader the National Insurance Consumer Organization. Obtained a $56 million refund for doctors who claimed they were overcharged on malpractice premiums. Author of "Payment Refused," a handbook on insurance "bad faith."

Designated counsel for United Transportation Union, Bowen handles over 400 Federal Employers' Liability Act cases for railroad employees, about 300 of which are in hearing loss litigation. FELA cases produce 45% to 50% of firm's income. Partners on list: George Pletcher and Michael Saunders.

The Best Paid Trial Lawyers

Lawyer/firm	Location	Estimated 1988 income ($millions)	Estimated 1987 income ($millions)	Law school	Age
Edward Swartz/Swartz & Swartz	Boston, MA	2.8	2.8	Boston Univ	55
Paul Dué/Dué, Smith & Caballero	Baton Rouge, LA	2.7	2.5	Louisiana State Univ	46
Wayne Fisher/Fisher, Gallagher, Perrin & Lewis	Houston, TX	2.7	2.5	Baylor	52
Melvin Belli/Belli, Belli, Brown, Monzione, Fabbro & Zacharia	San Francisco, CA	2.5	2.5	Berkeley	82
Frank Branson/Law Offices of Frank L. Branson	Dallas, TX	2.5	2.5	SMU	44
Bill Colson/Colson, Hicks, Eidson, Colson & Matthews	Miami, FL	2.5	2.5	Univ of Miami	64
Leonard Decof/Decof & Grimm	Providence, RI	2.5	2.5	Harvard	60
Mike Gallagher/Fisher, Gallagher, Perrin & Lewis	Houston, TX	2.5	2.3	Univ of Texas	50
John Hayes/Hayes & Power	Chicago, IL	2.5	2.5	De Paul Univ	58
Joseph Power Jr/Hayes & Power	Chicago, IL	2.5	2.5	Loyola Univ	36
Michael Saunders/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	2.5	2.3	Harvard	44
Christian Searcy/Searcy Denney Scarola Barnhart & Shipley	W Palm Beach, FL	2.5	2.5	Stetson Univ	41
J.B. Spence/Spence Payne Masington & Needle	Miami, FL	2.5	2.0	Univ of Miami	66
W. James Kronzer/W. James Kronzer, Attorney at Law	Houston, TX	2.4	2.0	Univ of Texas	69
James Thomas Demos/Demos & Burke	Chicago, IL	2.3	2.3	De Paul Univ	54
James Duffy/Kramer, Dillof, Tessel, Duffy & Moore	New York, NY	2.3	2.3	Brooklyn Law	53
Jim Perdue/Perdue, Turner & Berry	Houston, TX	2.3	2.3	Univ of Houston	50
Bruce Walkup/ Walkup, Shelby, Bastian, Melodia, Kelly, Echeverria & Link	San Francisco, CA	2.3	2.3	Berkeley	75
Albert Huerta/Allison, Huerta, Hastings & Allison	Corpus Christi, TX	2.2	2.2	St. Mary's	45
Windle Turley/Law Offices of Windle Turley	Dallas, TX	2.2	2.2	SMU	50
Robert Begam/Langerman, Begam, Lewis & Marks	Phoenix, AZ	2.0	2.0	Yale	61
Jim Boccardo/Boccardo Law Firm	San Jose, CA	2.0	2.0	Stanford Univ	78
James Bostwick/Bostwick & Tehin	San Francisco, CA	2.0	2.0	UC Hastings	46
William Edwards/Edwards & Perry	Corpus Christi, TX	2.0	2.0	Univ of Virginia	58
Ted Friedman/Law Offices of Theodore H. Friedman	New York, NY	2.0	2.5	Harvard	58
David Perry/Edwards & Perry	Corpus Christi, TX	2.0	2.0	Univ of Texas	46
Ivan Schneider/Schneider, Kleinick & Weitz	New York, NY	2.0	2.0	Brooklyn Law	57
Harvey Weitz/Schneider, Kleinick & Weitz	New York, NY	2.0	2.0	Brooklyn Law	57
George Pletcher/Helm, Pletcher, Hogan, Bowen & Saunders	Houston, TX	1.8	2.0	Notre Dame	61

Swartz has crusaded against "killer toys" since the mid-1960s. Author of "Toys That Don't Care," "Toys That Kill," "Slaughter By Product." Takes on a few business litigation cases, for which he charges a contingency fee/hourly fee hybrid. Member of Inner Circle of Advocates.

Dué specializes in maritime disasters. Won a $4.5 million settlement in a "wrongful death" case against Dixie Electric Membership Corp.

Fisher traditionally specializes in product design and manufacturing liability cases as well as medical malpractice. He has recently gotten into the lucrative areas of antitrust and asbestos litigation. Former president of the State Bar of Texas. Member of Inner Circle of Advocates.

Belli is the original "king of torts." One of the first lawyers in Valdez after the oil spill, he gathered 400 clients there. He and partner Richard Brown were fined $5,000 in 1988 for filing on behalf of a plaintiff in the Dupont Plaza Hotel fire case who had died several years before the fire.

Branson was one of the pioneers of the Video Settlement Brochure, a videotape designed to eliminate negotiation with the defense in settlements. In 1985 won a $15 million settlement for a brain-damaged lawyer. Member of the Texas Supreme Court rules advisory committee.

Colson was the first to win a verdict against Ford in a Pinto gas tank case in 1975. Won the first million-dollar medical malpractice verdict in the U.S. in 1967. The firm has recently gone into asbestos litigation. Member of Inner Circle of Advocates.

Decof has won or settled over 25 sports helmet cases, including one for $4.2 million in 1983. In 1986 he won a $20 million "wrongful death" verdict against Goodyear for the family of racecar driver Mark Donohue, who was killed in an accident while going 175mph. Has handled many "women-related" cases: DES, IUD and the Pill. Currently suing the U.S. Golf Association and Scotland's Royal & Ancient Golf Club for over $100 million in an antitrust and "slander of products" case on behalf of Ping golf clubs maker Karsten Manufacturing. Member of Inner Circle of Advocates.

Gallagher is partner of Wayne Fisher. Very active in politics, serves as special counsel to the Texas Senate on product liability. One of the few Republicans in the plaintiff bar. Specializes in chemical plant and oil refinery explosion cases.

Hayes won a $27 million verdict against Syntex in 1985 for a brain damage case. Member of Inner Circle of Advocates.

Power won $6.5 million verdict in 1986 case for brain damage to child struck by a car. Claims he has never lost a case. Largest settlement: $8 million in medical malpractice case in 1984. His take: $2 million.

Saunders specializes in medical malpractice. In 1988 won a $16.2 million verdict against two doctors for brain damaged child. Two other doctors, the hospital and the anesthesia machine manufacturer settled for undisclosed amounts. Partners on list: George Pletcher and Don Bowen.

Searcy specializes in multimillion-dollar baby brain damage cases. Largest verdict: $10.5 million in 1984.

Spence pioneered million-dollar medical malpractice in Florida. Settled 12 "wrongful death" cases against Arrow Air for a total of $15 million in 1988. His take: $6 million. Took 6 months off in 1988 and spent over $300,000 to fight constitutional amendment that would have put caps on damages. Member of Inner Circle of Advocates.

Kronzer worked with Joe Jamail in Texaco-Pennzoil litigation as legal and appellate adviser. One of the most prominent high-stakes appellate lawyers, he represents both plaintiffs and defendants in multimillion-dollar personal injury and commercial litigation. Charges on average $450 to $500 an hour for defense work, and usually gets 5% to 8% of the final award for plaintiff work.

Demos specializes in medical malpractice and product liability cases. Won a $2.7 million award against Navistar International Transportation Corp. (formerly International Harvester) for "defectively designed" farm equipment. Member of Inner Circle of Advocates.

Duffy is partner of Tom Moore (on list) and is the other "big winner" in the firm. Specializes in medical malpractice, especially brain damaged baby cases. Firm closed 69 cases representing $80 million in 1988 and has as much as $7 million invested in cases at any one time.

Perdue, the king of medical malpractice in Houston, won a $16.5 million verdict in a brain damage case in 1989; brings in several settlements per year in the $1 million to $3 million range.

Former president and founding member of Inner Circle of Advocates. Walkup is one of the grandfathers of personal injury litigation in California. Member of Inner Circle of Advocates.

Partner to Guy Allison. Huerta specializes in workers' compensation.

Turley is founder and sole owner of one of the largest personal injury firms in the country, with 25 lawyers and a staff of 125. Usually works on cases worth more than $2 million. High overhead costs keep his personal take down. Lead counsel for plaintiff steering committee of the Delta 191 crash suit, worth more than $150 million. Major player in the attempt to make airbags in cars mandatory.

Began started with Cravath, Swaine & Moore. Specializes in product liability. His 1987 novel "Fireball" was inspired by the 1973 Kingman, Ariz. railroad tank car explosion. As lead counsel in that case, he ultimately settled it for over $20 million in 1979.

Boccardo won one of the first multimillion-dollar awards for quadriplegia: $3.6 million in 1970. Successful in real estate, owns ranches and airplanes. Member of Inner Circle of Advocates.

Bostwick started as a clerk for Bruce Walkup (also on list) in 1967. In 1988 won "the highest federal judgment ever" for a baby brain damage case at a U.S. Army hospital: $8.9 million. Also boasts "the biggest brain damage settlement ever": $8.7 million in 1986. His take: $2 million.

Edwards was special counsel to the Texas Senate in 1987. Won a $64.5 million verdict in 1985 in paraplegia case, settled for $5 million.

Friedman is the husband of New York State Supreme Court Justice Eve Preminger. Was tried for, and later, in 1988, acquitted of bribing witnesses to lie in a wrongful death suit against New York City. Inner Circle of Advocates member.

Former president of Texas Trial Lawyers Association. Perry specializes in auto design product liability cases. In 1983 won $107 million verdict against Ford for death of one person ($100 million was for punitive damages, which were later reduced to $12.5 million and ultimately settled).

One of the most successful personal injury litigators in New York. Partner of Harvey Weitz. In 1988 Schneider won a $40 million verdict for a construction worker who was rendered paraplegic from a fall. Has 6 verdicts in excess of $10 million.

Partner of Ivan Schneider. Weitz won a $33.3 million verdict from the City of New York for a child who was rendered quadriplegic on a city playground.

Pletcher is senior partner at the first plaintiff law firm in Houston, started in 1944. Between January 1987 and present the firm closed roughly 700 cases, representing recoveries of approximately $120 million. Partners on list: Don Bowen and Mike Saunders.

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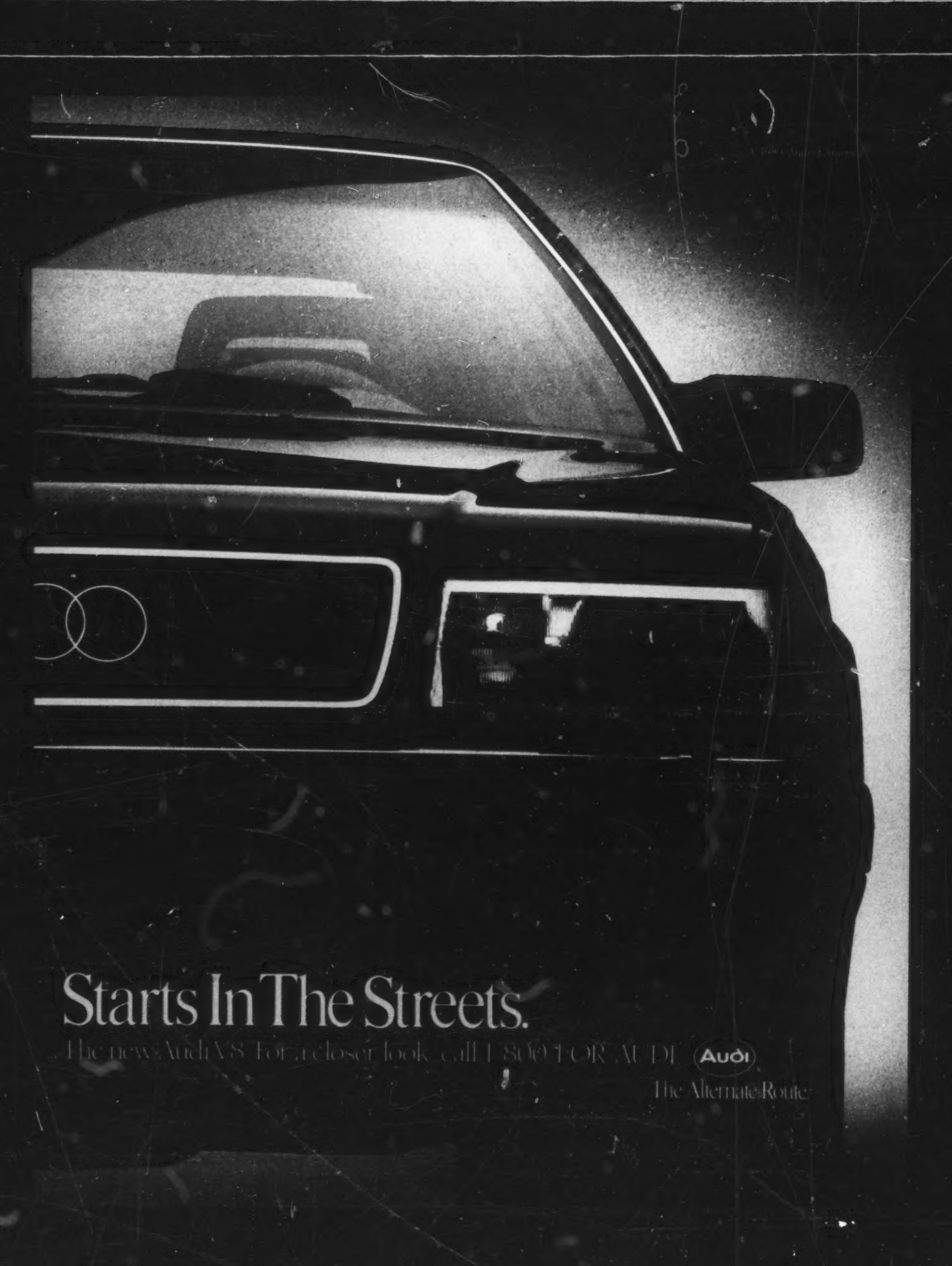
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If you're looking for the really big bucks in the law business, the Harvard Law Review and a prestigious firm are less likely to get you there than sheer entrepreneurial drive.

How lawyers get rich

By Deirdre Fanning

Attorney Fred Goldberg recently left the Washington, D.C. office of Skadden, Arps, Slate, Meagher & Flom to become the new head of the Internal Revenue Service. As a partner at Skadden, Arps, Goldberg stood to make up to $1 million a year. In Washington, he'll be making $82,500 a year—almost exactly what his old firm pays its first-year associates, most of whom are products of the country's fanciest law schools.

You think Fred Goldberg was well paid? Compared with the country's top trial lawyers *(see p. 204)*, he's a piker. Herbert Hafif, a tort lawyer who runs a 13-lawyer shop in Claremont, Calif., raked in, we estimate, some $40 million last year.

Walter Umphrey, a Texas plaintiff lawyer who started his professional career as an insurance adjuster, earned $14.5 million last year bringing asbestos cases on behalf of his clients.

Are Hafif and Umphrey proud products of the Ivy League law schools? Far from it. Umphrey, 53, went to Baylor University law school in Waco, Tex. Hafif? The University of Southern California law school.

Meanwhile, back in the exalted realms of Wall Street, the highest-paid lawyer was Joseph Flom, the Harvard law school-educated mergers and acquisitions lawyer and head of a 1,000-lawyer firm. Flom's collars aren't frayed, but at an estimated $5 million last year he was second string compared with Hafif and Umphrey.

By now you will be getting the picture: Prestige practice and prestige law schools aren't where the biggest action is. Some aggregate numbers: The 71 lawyers on the list of corporate lawyers earned an estimated combined $110 million; 38 of them went to Ivy League law schools. The 63 attorneys on the list of trial lawyers earned a total of $750 million; 4 of them went to Ivy schools.

There's an important distinction here. While all law firms are run like businesses these days, the big prestige firms are rather like Forbes 500 companies. But the top personal injury lawyers are entrepreneurs who are likely to have $20 million lines of bank credit, crack support staffs that can handle hundreds of document requests and loosely knit national networks of "partners" helping them coordinate multimillion-dollar lawsuits brought against some of the nation's top corporations.

The major law firms—on Wall Street and elsewhere—are far less entrepreneurial, but they, too, have exploded in size, with annual billings regularly exceeding $200 million and offices all around the world employing staffs of thousands.

In a world where a top lawyer no longer depends chiefly on his or her individual efforts for success but works as part of a team, the head of the team can often reap far richer rewards than he or she could possibly make as an individual practitioner. The combined earnings of the 134 lawyers on our lists were an imposing $860 million last year. Of that about $160 million went to the top ten trial lawyers (not counting the exceptional $420 million we think went to Pennzoil lawyer Joseph Jamail for his Texaco litigation). By contrast, the top ten corporate lawyers took home only about $31 million.

Not surprisingly, at least two bar associations, those of the District of Columbia and of North Dakota, have toyed with the idea of allowing lawyers to

take their law firms public. Neither bar group ultimately decided to do so, but legal experts say it's only a matter of time before such a move. The temptation is overwhelming: It would permit highly successful attorneys to get rich twice: Once for what the firm pays, a second time from what the public would pay for a piece of their firm.

How did we come by our estimates? The way any good reporter gets information: We made calls. Hundreds of calls. Because law firms are, in effect, private corporations, there were no proxy statements we could read, no financials we could break down for clues on earnings. Thus, most of the compensation numbers are our estimates, but they are very educated estimates. (Our lists are not all-inclusive. For example, we do not include all the partners of big firms making $1 million or more. To have done so would have filled several more pages.)

With trial lawyers, our research was helped by databases from litigation research firms. Note that compensation figures include only earnings from legal work. Many lawyers have substantial outside investments.

It appears that the only people consistently making as much money as trial lawyers in America are Wall Street money men and entertainers. Doctors? Relatively small stuff. Only a handful of doctors make over $1 million from their craft. Even non-trial lawyers—those involved in securities, divorce and lobbying—regularly earn million-dollar-plus salaries.

The parallels with entertainers are not insignificant. These lawyers own no automobile factories or steel mills, no office towers or investment partnerships. Rather, they earn their bread by providing their intellectual services to the public. And just as movies are made and records pressed in both good economic times and bad, so can lawyers always find work. They profit when a client is doing well, and they prosper when a client files for Chapter 11 protection from creditors. Heads lawyers win, tails lawyers win.

As entrepreneurs, the plaintiff trial lawyers generally work on a risk/reward basis. They may take on—and personally fund—big cases for several years before they win a verdict. Their income fluctuates from year to year. Thus we have included income estimates for both 1987 and 1988. But there is one important difference between the plaintiff lawyers and other entrepreneurs: By shrewdly influencing politics and public opinion, the plaintiff attorneys, in effect, provide for their own growing prosperity *(see story, p. 197)*.

The corporate lawyers generally charge an hourly rate. Yet even within this group there are entrepreneurs.

Take the Hollywood law firm of Ziffren, Brittenham & Branca. The partners represent mostly movie and television studios and actors. Because much of their clientele consists of individual personalities requiring fairly straightforward legal work, Kenneth Ziffren and his partners saw little reward in fees charged at hourly rates. They, the lawyers, were cutting most of the stars' deals. So they decided to follow the example of Hollywood talent agents and demanded a piece of their clients' action. Almost all top entertainment lawyers now charge their clients a flat 5% of the deals they negotiate for them.

It's worth remembering that, more than ever, successful people in fields other than law have earned law degrees. This is, in part, because legal issues are so important in all businesses today and, in part, because of the value of the training. Says Revlon Vice Chairman Donald Drapkin, a Columbia law school grad and former partner at Skadden, Arps, "In law school you are graded as much on how you identify the critical issues as on how you answer them." Merger king Bruce Wasserstein, Norfolk Southern Chief Executive Arnold McKinnon, Revlon President Bruce Slovin and Vice Chairman Howard Gittis, MCA Motion Picture Group Chairman Thomas Pollock, *Wall Street Journal* Managing Editor Norman Pearlstine—these and many other influential people all attacked their chosen fields armed with law degrees.

As long as tort reform continues to move at a glacial pace, members of the plaintiffs bar will continue to rack up multimillion-dollar annual earnings. But even if laws were passed limiting trial verdicts and legal fees, lawyers would probably make a good living for the simple reason that we live in an increasingly legalistic society. Yes, there are poor lawyers, but there is a growing number of rich ones and of very rich ones. ■

The top ten

Below, the 10 corporate lawyers with the highest estimated 1988 incomes. On the following pages are 61 more very well paid attorneys.

Michael Mella

1. JOSEPH FLOM

Skadden, Arps, Slate, Meagher & Flom
1988 income: around $5 million

Flom, 66, graduated from Harvard University law school and is senior partner at New York's Skadden, Arps, Slate, Meagher & Flom. He and his rival, Martin Lipton *(see below)*, are the two preeminent mergers and acquisitions lawyers in the country. He began his career at Skadden in 1948. As senior partner he has built Skadden into a firm with over 1,000 lawyers and offices in four countries. Skadden is now the third-biggest law firm in the world (after Baker & McKenzie and Jones, Day, Reavis & Pogue); its clients include much of the Forbes 500. Flom and Skadden have appeared in virtually every major merger transaction in the last ten years, yet M&A accounts for less than 25% of the firm's profits. The firm is also big in securities underwriting, litigation and international law. Flom in recent years has increasingly turned his attention to pro bono work. Skadden last year launched a program to fund 25 fellowships annually for recent law school graduates who wish to work in public interest law.

Louie Psihoyos/Matrix

2. RAOUL LIONEL FELDER

Law firm of Raoul Lionel Felder
1988 income: $3.8 million

A graduate of New York University law school, Felder runs his own nine-lawyer firm in New York. He specializes in celebrity divorces, for which he charges $450 an hour, with a minimum retainer of $20,000. His biggest cases last year included representing actress Robin Givens in her divorce from boxer Mike Tyson and Nancy Capasso in the Bess Myerson-Carl (Andy) Capasso scandal. Eccentric and theatrical, Felder, 55, dresses conspicuously: He keeps 30 pairs of velvet evening slippers in his office. His lawyer wife, Myrna, handles the appellate work. Not everybody is impressed by his act: A Manhattan supreme court judge recently criticized Felder's fees in a divorce case as "unconscionably high."

3. HARRY (SKIP) BRITTENHAM

Ziffren, Brittenham & Branca
1988 income: at least $3 million

At 48, Brittenham and his partners, Ziffren and Branca, run what is arguably Los Angeles' most powerful entertainment law firm. It has only 13 lawyers and has exploited the practice of charging movie and television clients a percentage (5%) of their gross revenues, rather than billing them according to hourly fees. Brittenham's clients include Harrison Ford, Don Johnson, Melanie Griffith, John Candy, Tom Selleck, Michael J. Fox, Richard Pryor and Norman Lear. Brittenham is a graduate of UCLA law school.

Robin Holland

4. ALLEN GRUBMAN

Grubman, Indursky & Schindler
1988 income: at least $3 million

A graduate of Brooklyn Law School, Grubman is an entertainment lawyer who represents musicians and music companies. Clients include Bruce Springsteen, Madonna, Robert De Niro, George Michael, Carly Simon, MTV, Chrysalis Records and Island Records. He charges clients either through a monthly retainer or with a premium based on results. Minimum retainer is $5,000 a month. New York-based Grubman has been particularly active in negotiating mergers and acquisitions among record companies. Age: 46.

Steven Mark Needham

5. MARTIN LIPTON

Wachtell, Lipton, Rosen & Katz
1988 income: at least $3 million

New York's Marty Lipton, one of the founders of Wachtell, Lipton, has made a specialty out of successfully defending companies under takeover attack. He is credited with having invented the so-called poison-pill defense, and is a vocal opponent of highly leveraged takeovers. Bills both on time spent and results achieved. The firm is reported to have charged Kraft Inc. $20 million in fees for three weeks of work done on the company's 1988 takeover by Philip Morris. Lipton, 58, graduated from New York University law school.

Mark Miller

6. KENNETH ZIFFREN

Ziffren, Brittenham & Branca
1988 income: at least $3 million

Age 49 and a graduate of UCLA law school, Ziffren was law clerk for U.S. Supreme Court Chief Justice Earl Warren, 1965-66. Ziffren and his partners are particularly active in representing television stars and executives. Ziffren himself forged his reputation representing Hollywood's television "hyphenates"—i.e., director-writer-producers. Clients include Stephen J. Cannell, Marvin Davis, James Brooks, Witt/Thomas/Harris Productions, Fred Silverman and Miller/Boyett Productions. Ziffren and his firm were among the first to recognize—and capture—the potential profits for their writer-producer clients in television syndication rights. His father, Paul Ziffren, was also a respected entertainment lawyer in Los Angeles. Kenneth Ziffren is credited with settling last year's writers' strike.

Dick Kraus/Newsday

7. JOHN EASTMAN

Eastman & Eastman
1988 income: around $3 million

Another entertainment lawyer, New York's Eastman represents mostly music clients. He's best known for his role in negotiating the breakup of the Beatles; his sister Linda Eastman is married to ex-Beatle and client Paul McCartney. Other clients include David Bowie, Billy Joel and Willem De Kooning; Eastman is also a trustee of the Tennessee Williams estate. He was one of the first to gain rights to master recordings for clients. His billing, Eastman says, is "unstructured. I have no contracts with my clients. We work it out, discuss what the fee should be." He is 50 and a graduate of New York University law school.

Fazl Pribble

8. JOHN BRANCA

Ziffren, Brittenham & Branca
1988 income: around $2.5 million

The youngest of his Los Angeles entertainment law firm's senior partners, Branca, 38, also graduated from UCLA law school, and played keyboards as a professional musician. His clients are to die for: Michael Jackson, the Rolling Stones, the Beach Boys, the estate of Elvis Presley, David Lee Roth, the Doors, George Harrison and Fleetwood Mac. Branca runs virtually all of Michael Jackson's business affairs. F presented such corporate clients as SBK/EMI i its $125 million acquisition of CBS song rights.

Carol Bernson/NY Law Journal

9. ARTHUR FLEISCHER

Fried, Frank, Harris, Shriver & Jacobson
1988 income: around $2.5 million

Fleischer, 56 and a graduate of Yale University law school, is a mergers and acquisitions lawyer. Deals include representing Hospital Corp. of America in its $3.6 billion management buyout this year. Also led Philip Morris' $13 billion acquisition of Kraft Inc. last year. He is coauthor of *Board Games*, a nonfiction book on corporate directors.

Olivia Day

10. SAMUEL BUTLER

Cravath, Swaine & Moore
1988 income: around $2.4 million

Butler, 59, is presiding partner of New York's 295-lawyer Cravath, Swaine & Moore. A Harvard law graduate, Butler represented Time in the recent merger with Warner Communications. Clients include Squibb, Ashland Oil and PaineWebber.

The Best Paid Corporate Lawyers

Lawyer/firm	Location	1988 income ($millions)	Law school	Age
David Boies/Cravath, Swaine & Moore	New York, NY	around 2.3	Yale	48
George Kern/Sullivan & Cromwell	New York, NY	over 2	Yale	63
James Fogelson/Wachtell, Lipton, Rosen & Katz	New York, NY	at least 2	New York Univ	47
William Willis/Sullivan & Cromwell	New York, NY	at least 2	Harvard	63
Floyd Abrams/Cahill Gordon & Reindel	New York, NY	around 2	Yale	53
Allen Finkelson/Cravath, Swaine & Moore	New York, NY	around 2	Columbia	43
Jiro Murase/Marks, Murase & White	New York, NY	around 2	Georgetown	61
Rodgin Cohen/Sullivan & Cromwell	New York, NY	around 1.7	Harvard	45
Neil Anderson/Sullivan & Cromwell	New York, NY	around 1.6	Columbia	43
Thomas Boggs/Patton, Boggs & Blow	Washington, DC	1.6	Georgetown	49
Richard Sprague/Sprague, Higgins, Creamer & Sprague	Philadelphia, PA	1.6	Univ of Pennsylvania	64
Perry Snyderman/Rudnick & Wolfe	Chicago, IL	at least 1.5	De Paul Univ	56
Fred Bartlit/Kirkland & Ellis	Chicago, IL	around 1.5	Univ of Illinois	57
Robert Carswell/Shearman & Sterling	New York, NY	around 1.5	Harvard	60
Peter Fishbein/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	around 1.5	Harvard	55
Robert Fiske Jr/Davis Polk & Wardwell	New York, NY	around 1.5	Univ of Michigan	58
Jack Levin/Kirkland & Ellis	Chicago, IL	around 1.5	Harvard	53
John McLoughlin/Latham & Watkins	Los Angeles, CA	around 1.5	Harvard	53
Gerald Schrager/Dreyer & Traub	New York, NY	around 1.5	New York Univ	48
Barry Slotnick/Slotnick & Baker	New York, NY	around 1.5	New York Univ	50
Robert Strauss/Akin, Gump, Strauss, Hauer & Feld	Washington, DC	around 1.5	Univ of Texas	70
Clark Clifford/Clifford & Warnke	Washington, DC	1.5	Washington Univ	82
Henry King/Davis Polk & Wardwell	New York, NY	1.5	Yale	61
Stephen Fraidin/Fried, Frank, Harris, Shriver & Jacobson	New York, NY	around 1.4	Yale	50
Joseph Califano/Dewey, Ballantine, Bushby, Palmer & Wood	Washington, DC	1.4	Harvard	58
Robert Altman/Clifford & Warnke	Washington, DC	around 1.3	George Washington Univ	42
Bud Holman/Kelley Drye & Warren	New York, NY	around 1.3	Yale	60
Larry Sonsini/Wilson, Sonsini, Goodrich & Rosati	Palo Alto, CA	around 1.2	Berkeley	48
Julius Berman/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	1.2	New York Univ	54
Fred Fishman/Kaye, Scholer, Fierman, Hays & Handler	New York, NY	1.2	Harvard	64
Joel Hirschhorn/Broad & Cassel	Miami, FL	1.15	Univ of Wisconsin	46

Boies, a litigator, defended CBS in libel case brought by General William Westmoreland; represented Texaco in litigation with Pennzoil
M&A lawyer; the SEC has brought an action against Kern for violating disclosure rules while representing Allied Stores against Campeau Corp.
M&A lawyer; Fogelson's clients include Wasserstein Perella, Beecham, Goldman Sachs
Litigator; Willis' clients include Exxon and NV Philips
Abrams is a constitutional lawyer; clients include all three networks and the New York Times
M&A lawyer; Finkelson's deals include Campeau takeover of Federated, Grand Met acquisition of Pillsbury
International corporate lawyer; Murase represents many Japanese clients, including Nippon Life Insurance, Mitsui and Sumitomo; also represents U.S. companies in Japan
Banking lawyer; Cohen did Bank of New York takeover of Irving Trust; other banking clients include Mellon and Continental Illinois
M&A lawyer; Anderson represents Morgan Stanley, Grand Met; successfully defended Union Carbide against attempted hostile bid from GAF Corp.
Boggs is one of the most prominent lobbyists in Washington; represented Chrysler in its 1979 loan bailout
Sprague has represented famed trial lawyer F. Lee Bailey in two libel suits, one in 1979 and the other in 1988
Snyderman, a real estate lawyer, invests in most of his clients' deals
Litigator; Bartlit recently successfully defended Katy Industries management against a $70 million securities class action
Corporate lawyer; Carswell is senior partner of the firm; former deputy Treasury secretary under Jimmy Carter; biggest client is Citibank
Litigator; managing partner of Kaye Scholer; Fishbein's clients include Chris-Craft, Drexel trader James Dahl and Carl Lindner
Litigator; specializes in civil litigation and white-collar criminal defense work; a former U.S. Attorney, Fiske was asked by Attorney General Thornburgh to take the deputy attorney general position; he withdrew after opposition from conservatives
Corporate and tax lawyer; Levin's principal clients include First Chicago Venture, Golder, Thoma Cressey Fund and Gaylord Container
McLoughlin, a corporate lawyer, is principal attorney for KKR
Real estate lawyer; Schrager's clients include Donald Trump, Peter Kalikow, Samuel LeFrak
Criminal defense lawyer; Slotnick represented subway gunman Bernhard Goetz; clients have included Mafia biggies
Strauss was special aide to President Carter on the Mideast peace negotiations; former chairman of Democratic National Committee
Former counsel to President Truman; former chairman of the Foreign Intelligence Advisory Board in the Kennedy Administration; Clifford's clients include Knight-Ridder and Du Pont
Litigator; managing partner of Davis Polk; King represented Sullivan & Cromwell lawyer George Kern in his SEC investigation; clients include Imperial Chemical Industries Plc. and UAL Corp. and its board of directors
Corporate securities lawyer; Fraidin recently represented the board of directors of NWA Inc. in connection with sale of company; visiting lecturer at Yale Law School
Former Secretary of Health, Education & Welfare; Califano successfully defended journalists Bob Woodward and Carl Bernstein in a suit that sought to expose the famed Watergate source "Deep Throat"
Altman's clients include former House speaker Jim Wright, First American Bank, Phillips Petroleum and Bert Lance
Litigator; Holman represented Union Carbide in its battle with government of India in Bhopal litigation; represented Hercules Inc. in the Agent Orange $180 million class action settlement
Corporate lawyer; Sonsini specializes in high-tech companies in Silicon Valley; also teaches securities law at Stanford and Berkeley; major clients include Apple Computer, Sun Microsystems, Businessland
Litigator; Berman represents Olympia & York; active in philanthropic organizations
Corporate lawyer; Fishman represents Equitable Life Assurance in its financing and real estate work; represented GTE in its acquisition work
Hirschhorn made his name representing drug dealers; has recently switched to white-collar criminal defense work

The Best Paid Corporate Lawyers

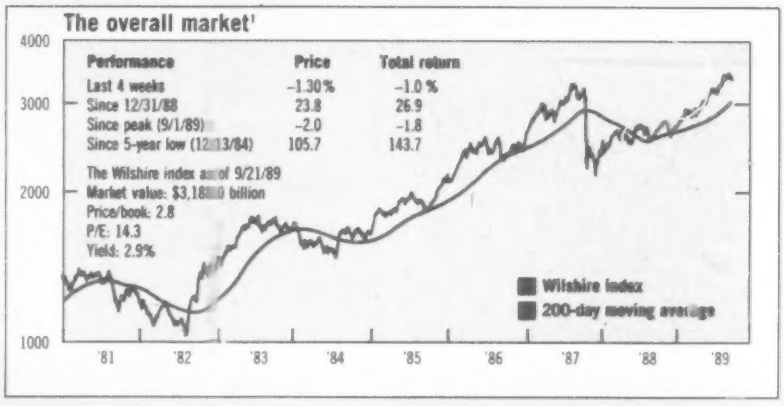
Lawyer/firm	Location	1988 income ($millions)	Law school	Age
Richard Testa/Testa, Hurwitz & Thibeault	Boston, MA	1.1	Harvard	50
Richard Beattie/Simpson Thacher & Bartlett	New York, NY	at least 1	Univ of Pennsylvania	50
Milton Gould/Shea & Gould	New York, NY	at least 1	Cornell	80
Barry Hirsch/Armstrong, Hirsch & Levine	Los Angeles, CA	at least 1	Univ of S Calif	55
Peter Malkin/Wien Malkin & Bettex	New York, NY	at least 1	Harvard	55
Harvey Miller/Weil, Gotshal & Manges	New York, NY	at least 1	Columbia	56
Ira Millstein/Weil, Gotshal & Manges	New York, NY	at least 1	Columbia	62
Peter Mullen/Skadden, Arps, Slate, Meagher & Flom	New York, NY	at least 1	Columbia	61
Jack Nusbaum/Willkie Farr & Gallagher	New York, NY	at least 1	Columbia	49
Harvey Pitt/Fried, Frank, Harris, Shriver & Jacobson	Washington, DC	at least 1	St John's Univ	42
Bruce Ramer/Gang, Tyre, Ramer & Brown	Los Angeles, CA	at least 1	Harvard	56
Thomas Reynolds Jr/Winston & Strawn	Chicago, IL	at least 1	Univ of Michigan	61
John Schmidt/Skadden, Arps, Slate, Meagher & Flom	Chicago, IL	at least 1	Harvard	45
William Shea/Shea & Gould	New York, NY	at least 1	Georgetown	82
Henry Steinman/Latham & Watkins	New York, NY	at least 1	UCLA	57
Brendan Sullivan/Williams & Connolly	Washington, DC	at least 1	Georgetown	47
Peter Tufo/Brown & Wood	New York, NY	at least 1	Yale	51
George Vandeman/Latham & Watkins	Los Angeles, CA	at least 1	Univ of S Calif	49
Stephen Volk/Shearman & Sterling	New York, NY	at least 1	Harvard	53
John Zuccotti/Brown & Wood	New York, NY	at least 1	Yale	52
Evans Attwell/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	58
Jake Bloom/Bloom, Dekom & Hergott	Los Angeles, CA	around 1	Cornell	47
Peter Dekom/Bloom, Dekom & Hergott	Los Angeles, CA	around 1	UCLA	42
Charles Goldstein/Shea & Gould	New York, NY	around 1	Harvard	52
Arthur Liman/Paul, Weiss, Rifkind, Wharton & Garrison	New York, NY	around 1	Harvard	56
James McCartney/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	59
Harry Reasoner/Vinson & Elkins	Houston, TX	around 1	Univ of Texas	50
Stephen Hammerman/Merrill Lynch & Co	New York, NY	1	New York Univ	51
Bruce Kauffman/Dilworth, Paxson, Kalish & Kauffman	Philadelphia, PA	1	Yale	54
Paul Warnke/Clifford & Warnke	Washington, DC	1	Columbia	69

High-tech/venture capital lawyer; Testa's clients include Digital Equipment and Teradyne
M&A lawyer; Beattie specializes in LBO work; represents KKR, Salomon Brothers and Shearson Lehman Hutton; avid motorcyclist
Litigator; Gould represented Israeli Defense Minister Ariel Sharon in his libel suit against Time magazine; represented Jack Kent Cooke in his recent divorce; active in philanthropies
Entertainment lawyer; Hirsch's clients include Tom Cruise, Robert Redford, Bill Murray
Real estate lawyer; son-in-law and former law partner of late philanthropist Lawrence Wien; Malkin's clients include New York real estate developer William Zeckendorf
Bankruptcy lawyer; Miller worked on the Texaco, Eastern Air Lines, W.T. Grant, Continental Airlines bankruptcies
Antitrust litigator; Millstein is counsel to board of directors of General Motors, Bethlehem Steel and R.H. Macy
Executive partner at Skadden; Mullen rarely practices law anymore; focuses on running the 1,000-lawyer firm
M&A lawyer; Nusbaum represented Shearson in the E.F. Hutton acquisition and Donald Trump in Resorts International deal
Litigator; former general counsel of the SEC; Pitt is best known for representing arbitrager Ivan Boesky in his $100 million plea agreement with the government on insider trading charges
Entertainment lawyer; Ramer's clients include Steven Spielberg and Clint Eastwood
Chairman of Winston & Strawn; Reynolds sits on the boards of Gannett, Union Pacific and Frank B. Hall & Co.
Corporate securities lawyer; Schmidt has been a key adviser to Chicago Mayor Richard Daley
Famous sports lawyer and fan; New York's Shea Stadium is named after him; represents Yankees and Mets, Archdiocese of New York, Lilco; still wields considerable political influence in New York affairs
Corporate lawyer; Steinman's clients include Peter Ueberroth, Drexel Burnham Lambert, KKR
Litigator; Sullivan represented Oliver North in Iran-Contra scandal; also represented former president of Beechnut in fake apple juice case
Real estate lawyer/litigator; Tufo represents Columbia University and Sotheby's; current chairman of the New York State Thruway Authority
M&A lawyer; Vandeman's past deals include Ted Turner's unsuccessful bid for CBS, Turner's acquisition of MGM film library, and Marvin Davis' unsuccessful bid for NWA Inc.
M&A lawyer; Volk represents many investment banks; structured recent First Boston-Crédit Suisse buyout, in which First Boston was taken private
Real estate lawyer; Zuccotti represents large number of New York developers, including Milstein family and Leonard Stern; active in public interest work; former first deputy mayor of New York, current cochairman of the Citizens Commission on AIDS
Attwell is managing partner of firm; clients include Bunker and Herbert Hunt
Entertainment lawyer; Bloom's clients include Sylvester Stallone, Arnold Schwarzenegger, Bruce Willis
Entertainment lawyer; Dekom specializes in motion picture and television financing and representing production companies; most recently engineered JVC Victor's movie production deal with producer Larry Gordon
Goldstein, one of the most prominent New York real estate lawyers, represents at least half of The Forbes Four Hundred real estate moguls
Litigator; Liman was chief counsel to the Senate subcommittee in Iran-Contra scandal; former president of the Legal Aid Society in New York; currently represents Michael Milken
Litigator; McCartney's clients include Amoco Production, Mobil Oil and Fina Oil & Gas
Corporate lawyer; Reasoner recently won $750 million settlement for client Energy Transportation System in antitrust suit brought against Santa Fe Railroad and other railroads
Hammerman is general counsel of Merrill Lynch
Litigator; Kauffman's clients include Armand Hammer, Frank Sinatra; member of MOVE Commission panel investigating allegations of wrongdoing by Philadelphia Mayor Goode and police
Chief negotiator on the SALT II arms agreement; Warnke defended Procter & Gamble in a case charging the company with fixing price of vegetable oils

The Forbes Wall Street Review

Edited by Eric S. Hardy

Jitters in the junk bond market over debt issued by Campeau and Resorts International extended to the stock market. The Dow industrials ended the recent two-week period with a 1% loss, off 70 points from the Sept. 1 high. Large banks, however, bucked the trend, as investors reacted favorably to moves by banks like Manufacturers Hanover and Chase Manhattan to increase their reserves for Latin American loans. Some money managers are now hoping that Wall Street will start to focus on the positive impact of a possible capital gains tax cut next year.



Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,390.29	-0.8%
Wilshire index 6,000 stocks, equal weighted	23.11	0.0
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,680.28	-1.0
S&P 500 Capitalization weighted cross-section, major stocks	345.70	-0.8
NYSE Capitalization weighted, all listed common stocks	192.16	-0.8
Amex Capitalization weighted total return: stocks, warrants	380.04	-0.8
Nasdaq Capitalization weighted, all issues except warrants	467.00	-0.6
Amex international market index Capitalization weighted, 50 largest ADRs	318.28	0.0

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	962.90	1.0%
Institutional[3] Approximately 200 stocks with high institutional ownership	121.89	-1.9
Individual[3] Approximately 200 stocks with low institutional ownership	112.66	-0.6
Technology Hambrecht & Quist index	264.87	-0.2
Gold[4] (Composite quote of 6 major dealers)	$363.40	1.0
Yen[4] (per $U.S.)	145.70	unchanged
Commodity index[4] (1967 = 100)	226.77	0.4
Oil[4] (W Texas Intermediate)	$19.62	1.1
T Bills[4] (90 days)	7.80%	-3 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Connaught BioScience	28½	32%	17	Bidding war between Ciba-Geigy and [illegible]
Atari	12⅜	25	38	Analysts like company's new laptop computer
Telerate	20⅛	24	22	Dow Jones offers $18 per share for company's remaining shares
Nike	64	23	14	Record first-quarter earnings of $76 million, or $2.01 per share
LA Gear	74¼	19	18	Pop star Michael Jackson to design one line of signature shoes

The Worst Performing Stocks

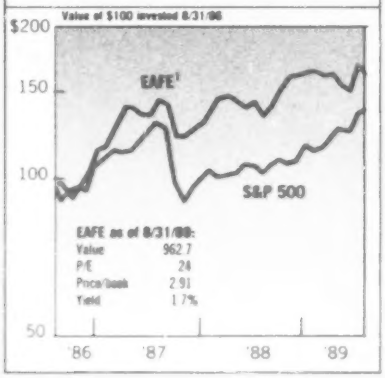
Company	Price	2-week change	P/E	Reason
First Executive	10½	-21%	21	Lawsuit filed by stockholders, claiming breach of fiduciary duty by management
First Bank Sys	20¼	-21	NA	Ceo resigns; announces restructuring plan that cuts 15% to 20% of workforce
Turner Broadcast Sys	48½	-13	NA	Announces plan to restructure debt
Tiffany	52½	-13	29	Takeover threat subsides; department store giant Mitsukoshi agrees to buy 10% of stock
Upjohn	35¼	-13	18	Its highly profitable sleeping pill Halcion under FDA investigation

Note: All data for periods ending 9/21/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above all have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

World Markets Review

Edited by Gustavo Lombo

Foreign vs. U.S. markets



Developed markets

Market	Total return[2] 3 months	12 months	P/E
New Zealand	36%	22%	122
Austria	33	80	39
Switzerland	30	42	18
Italy	25	39	15
Australia	19	12	11
Belgium	4	24	13
Singapore[3]	4	38	21
Japan	1	16	50
Finland	–7	5	12
Hong Kong	–10	8	9

Emerging markets[4]

Region	Total return[2] 3 months	12 months	P/E
Latin America	–17%	60%	NA
Asia	15	45	NA

Country	Total return[2] 3 months	12 months	P/E
Turkey	51%	25%	6
Mexico	32	64	7
Philippines	29	78	19
Brazil	–37	87	NA
India	–12	–1	18
Venezuela	–10	–40	4

No place like home. Morgan Stanley Capital International Perspective reports that over the past year its EAFE price index (which measures the performance of over 1,000 companies in Europe, Australia, New Zealand and the Far East) shows a 21% price gain in dollar terms. In the U.S., meanwhile, the Wilshire index of almost 6,000 stocks posted a 32% increase for the 12 months ended in August. Likewise for the most recent 3 months: The EAFE finished with a 5% gain, versus an increase of almost 9% for the Wilshire. Why did the EAFE index lag the U.S.? "It was the strength of the U.S. dollar against other major currencies and the sluggishness of the Japanese market," explains Paul Jackson of Morgan Stanley. Almost a quarter of the stocks in the EAFE index are Japanese. The best foreign markets during the last 3 months were relatively small ones: New Zealand, Austria and Switzerland. New Zealand, hit hard by the crash of 1987, shows a 3-month gain of 36%.

Who's Hot

Company/country	Business	Price	3-month price change	P/E
Fletcher Challenge/Austria	bldg materials	119	74%	42
LM Ericsson B/Sweden	electronics	123	63	18
Brierley Invest/N Zealand	multicompany	1½	59	12
Orix/Japan	financial svcs	41	48	21
Credito Italiano/Italy	banking	2⅛	47	17

Who's Not

Company/country	Business	Price	3-month price change	P/E
Aziend/Spain	bldg materials	9⅞	–28%	31
Amstrad/UK	data processing	1⅛	–27	4
Swire Pacific A/Hong Kong	multicompany	1⅞	–21	8
Kawasaki Steel/Japan	steel	5⅞	–20	51
Jujo Paper/Japan	paper products	7⅞	–17	34

Cheap Foreign Stocks

Company/country	Business	Price	Earnings	P/E
Nat Westminster Bk/UK	banking	5⅛	$0.96	6
Air Canada/Canada	airlines	12⅛	1.64	7
Ratners/UK	retail jewelery	4	0.45	9
Volkswagen Vorzug/Germany	automotive	212	23.06	9
VNU/Netherlands	broadcast & pub	48⅝	4.79	10

High-Yielding Foreign Stocks

Company/country	Business	Price	Yield	P/E
Hidroelectrica/Spain	utility	4	9.1%	10
Iberduero/Spain	utility	1	9.0	9
Standard Chartered/UK	banking	8⅝	8.5	19
Autopistas M Kostrum/Spain	construction	1	8.2	11
Royal Insurance Hldg/UK	insurance	7	7.1	15

Note: All data for period ending 8/31/89. Selected stocks have a market capitalizaton of at least $300 million. [1]EAFE is a price return index of European, Australian, New Zealand and Far Eastern stocks converted into U.S. dollars. [2]Performance numbers reflect both local price change and currency fluctuation. Dividends are reinvested after subtracting foreign withholding tax. [3]Includes Malaysia. [4]Source: International Finance Corporation. Data for period ending 7/31/89. NA: Not applicable. *Principal source: Morgan Stanley Capital International Perspectiv*